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NOTICE TO READERS: All material in this volume previously disseminated in electronic form.
An Ω indicates a Foreign Media Note.

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New FRY Ambassador Deemed 'Provocation'

AU1706071494 Tirana RILINDJA in Albanian
15 Jun 94 p 6

[Article by Mikel Ndreca: "Anti-Kosovar Provocation"]

[Text] The Belgrade mass media reported a few days ago the appointment of Zivorad Igic as ambassador of Yugoslavia (!) to Albania. BUJKU rightly deplored this news.

As is well known, after the disintegration of AVNOJ [Antifascist Council for the National Liberation of Yugoslavia] Yugoslavia, many states of Europe and the United States withdrew their ambassadors from Belgrade, at the same time requesting the withdrawal of the Yugoslav ambassadors from their countries. Respecting this stand by other countries, the Republic of Albania acted likewise by withdrawing its ambassador from Belgrade and asking for the withdrawal of the Yugoslav ambassador in Tirana.

A few days ago, the FRY [Federal Republic of Yugoslavia] Government issued a request for the revival of talks with the democratic Republic of Albania at foreign-ministerial level. We have not been informed of the response of the Albanian side.

How these possible talks will develop is not the concern of this article. What interests the Kosovar Albanian public today is the appointment of Zivorad Igic as ambassador to Tirana.

If the governments of the FRY and Serbia really do have a sincere intention to renew relations of any kind with the Republic of Albania, they must also think about the choice of the person who will contribute toward promoting these relations. Zivorad Igic is not such a man. His appointment to this high-level diplomatic post in a country with whom relations have cooled for well-known reasons has been taken as a serious provocation by the Albanian people of Kosova. We do not believe that the state and political authorities in Yugoslavia and Serbia are unaware of this. And this is why....

Zivorad Igic, once a village schoolteacher (nothing wrong in that) grew up almost in the Albanians' lap. He was "distinguished" as an "ardent" supporter of the idea of "brotherhood-and-unity and togetherness." From being a journalist and media editor, at the end of Yugosiavia's existence he "jumped" to the post of the (final) chairman of the Kosova Socialist Alliance [SAWP]. After purging this organization of Albanians at an early stage, he at the same time sought the most drastic and brutal state measures against them.

After the final destruction of the League of Communists [LCY] and the SAWP, Igic joined the Socialist Party of Serbia [SPS] and assumed high office. In the first pluralist parliamentary elections (in which the Albanians did not take place for well-known reasons), he was elected a deputy to the Serbian Assembly.

After the events of 1981, Zivorad Igic had slowly, but systematically and in the most perfidious fashion, following the "LCY line," involved himself in the anti-Albanian campaign. Following the outbreak of the anti-Albanian national-chauvinist popular hysteria and especially after 1987, Zivorad Igic devoted himself heart and soul to this campaign. In his articles in several Yugoslav newspapers, his appearance on LCY, SAWP, and other political rostrums, on the floor of the parliaments of Serbia and self-styled Yugoslavia, Zivorad Igic, more than anyone else from Kosova, lied, slandered, and spat out chauvinist gall against the Albanian people, accusing them of treason, of destroying Yugoslavia, and of allegedly visiting "violence," "terror," and "genocide" on the Serbian people in Kosova and beyond for more than a century. In these articles and speeches, Zivorad Igic insistently demanded the abolition of Kosova's autonomy, the suspension of all its educational, cultural, academic, health, and even economic institutions, and the total destruction of the Kosova economy and its subjection to that of serbia. The total destruction of all these institutions and of the Kosova economy is the indisputable "contribution" of Zivorad Igic, who, as a deputy of the Serbian parliament, voted for all the necessary measures.

Zivorad Igic, a Kosova-born Serbian intellectual, not only failed to raise the voice of reason against the most brutal violence, terror, and genocide on the continent of Europe, visited upon the Albanian people in Kosova by the present Serbian regime, but, in his articles, appearances, and behavior in the service of this regime, has powerfully aided anti-Albanian policies, showing himself to be a sworn enemy of the Albanian people. Finally, one must mention another matter of principle of which the FRY Government is aware, but which it ignores as something "nonexistent." It is well known that the Republic of Albania has accepted the Republic of Kosova. The choice of the Albanians of Kosova is well known both to Yugoslavia today and the world. Despite the efforts of the Yugoslav and Serbian Government to treat the Kosova issue as a Serbian internal affair, this issue has become internationalized, and the Albanians have no intention of accepting a solution without the presence and guarantee of an international factor. Zivorad Igic's appointment as the FRY's representative in Tirana, or anywhere else, at this phase of tense Albanian-Serbian (and Yugoslav) relations, cannot be understood by the Albanians as anything other than an intentional provocation. Sensible policies would not permit such a thing. The Albanians of Kosova are vitally interested in good, friendly, and sincere Albanian-Yugoslav relations, but they can only come about after the question of Kosova is conclusively solved. The appointment of the FRY ambassador from Kosova suggests that the FRY Government wishes to quietly sweep under the carpet Kosova as a free and independent entity, while the Republic of Albania will be left "holding the baby," because, if it fails to accept this ambassador from Kosova, it will be accused of "destabilizing" the situation in the Balkans.

Meksi Presents Goals for Crans Montana Meeting

AU1606085594 Tirana TVSH Television Network in Albanian 1800 GMT 15 Jun 94

[Statement by Prime Minister Aleksander Meksi at Rinas Airport on 15 June—recorded]

[Text] [Announcer] Prime Minister Meksi left for Switzerland.

[Correspondent] Heading a government delegation, Prime Minister Aleksander Meksi left for Switzerland today to attend the Crans Montana forum proceedings. High-level officials from various countries of the world have been invited to this meeting. The Crans Montana forum representatives organize roundtable talks to discuss situations and prospects of the development of world cooperation.

Before departure, Mr. Meksi made this statement for the television:

[Begin Meksi recording] Our delegation that will participate in the annual meeting of the Crans Montana Forum aims to present the Albanian reform with its results and difficulties, the institutional changes carried out in Albania, their perspective and future goals. It also intends to profit from the experiences of other countries that entered into reform before us or at the same time as us. As is known, this annual meeting of the forum will be attended by delegations from all former-communist Eastern European countries, as well as countries from Central Europe and international structures. That is, we will have an exchange of experiences and opinions, as well as contacts that will benefit Albanian foreign policy and be in the interests of Albania's economic development.

I think that these meetings are useful. Our delegation will try to truly present the political, economic, and institutional reforms in Albania, with all their benefits and difficulties. [end recording]

U.S. 'Excuses' for Lack of Investment Viewed

AU1306124694 Lezhe KOMBI in Albanian 7 Jun 94 p 4

[Article by Shemsedin Memia: "Ryerson's Paradox Illustrated in Own Words"]

[Text] The last U.S. diplomat left Albania in 1939 to return again after a lapse of nearly four decades. Embassies are now reopening and diplomats are knocking at the door.... William Ryerson is totally committed to his job, and expresses satisfaction with what he has done in the past two years. What our people were looking forward to, and what they expected from him, was U.S. investment in Albania. He sidesteps this issue, however, saying that "investments are expected to come only from private U.S. companies," and that "the delay is a result of the hurdles placed in the path of the Property Law." This law, however, has already been 90 percent implemented by our government. Is this simply a slip of the tongue, or it is his suspicions that prompt him to say this? Is this the truth, or it is just false information from the Albanian media?

Further, he adds that "one other decisive factor for the involvement of U.S. companies in Albania is the restoral of peace in Bosnia." Thus, there is a pretty long list of excuses to justify the failure to keep past promises. What are the arguments? Are they mere exercises in face-saving? Ryerson himself brought to Albania a lot of warships, and the chemical fertilizers and pesticides that are so badly needed by our poor agriculture. That is why the Albanians "appreciated" Ryerson's presence at the ceremony to commemorate the first anniversary of our policymakers' coming to power and at several award ceremonies, even various pioneers' events. In order simply to get rid of Fatos Nano, who used to irritate Mr. Ryerson, they found a pretext to imprison him. From now on, I believe Mr. Ryerson will be left in peace to address his compliments to his excellency the president and describe him as "the man who is sacrificing himself for the sake of Albania." In addition, Mr. Ryerson expresses joy over Albania's stability, freedom of speech, and freedom of the press! Dictatorship, he says, does not exist any more!

One can understand the reluctance of U.S. investors who, before coming to Albania, have to consult with Mr. Ryerson, or who are still waiting for the wars to end (God forbid that the warnings that the wars have only just begun should come true), but why do people from the Albanian diaspora in the United States and other countries not come to Albania? Are they scared by the "sweet" words of Mr. Ryerson, the U.S. plenipotentiary in Albania? It seems that U.S. and other foreign investors do not like tranquility and stability, or else they are astute enough to realize that there is some truth behind the diplomat's words.

Political, Economic Program of PDDSH

AU1506190594 Tirana E DJATHTA in Albanian 10 Jun 94 pp 1-2

[Part I of "Summary of the Program of the Right-Wing Democratic Party of Albania"]

[Text] The Right-Wing Democratic Party of Albania (PDDSH) is a political force which aims at coalescing around itself all honest Albanians who are against communism, fascism, or any other form of totalitarian ideology. The PDDSH struggles for a free and democratic Albania where full freedom of the individual, private property, religion, thinking, expression, and action should be guaranteed in a lawful and democratic state.

The Political Position of the PDDSH

1. The PDDSH is a political force on the right wing of the Albanian political spectrum, relying on and

defending the rights of all those who are in favor of a firm anticommunist stand. It primarily relies on the broad masses of former political prisoners and detainees, former owners stripped of their property by the communist dictatorship, the broad masses of workers, both employed or economically assisted by the state, honest intellectuals, the youth of Albania, suffering women of Albania, and the Albanian patriotic peasantry.

2. The PDDSH will cooperate with other political right wing forces for the creation of a common anticommunist front.

3. The PDDSH will not accept any agreement with forces of neo- communist and communist convictions and stands.

4. The PDDSH will turn down any political agreement with extremist forces that aspire to resort to violence.

5. The PDDSH will work to attract the rank and file PD [Democratic Party] members who nurture right-wing democratic aspirations. The PDDSH will not enter into any relationship with the present PD leadership, because it thinks that they hold neocommunist views and positions.

6. The PDDSH will carry out its political activities in a democratic way, rigorously respecting the constitutional order and laws of the state.

7. The PDDSH is a party of clear nationalist stance. It will strive to protect Albania's freedom, independence, and national interests. The PDDSH is for an ethnic Albania, created through the free expression of our people's will in the motherland and the will of our brothers living in their own territories in Montenegro, Sandjak, Kosova, and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], as well as the will of the expropriated Cams, who were expelled from their legitimate lands in Greece. Working for the realization of these aspirations, the PDDSH declares itself against any violent changes of the existing state borders of Albania with its neighboring countries.

8. The PDDSH will resolutely fight for the thorough eradication of communism and neocommunism in Albania. In this respect, it will also work for:

- the creation of a state commission which should investigate and bring to account the former ruling communists who have perpetrated political genocide against the people or have their hands stained with the blood of innocent people.

- the weeding out of former communists from responsible positions and decisionmaking bodies of the state administration.

- the investigation of business activities of unscrupulous speculators who have illicitly become rich and against whom measures should be taken, including expropriation in accordance with the law.

9. The PDDSH is for guaranteeing the rights of national minorities living in Albania, strictly honoring relevant international agreements.

10. The PDDSH will work for the state to protect the legitimate rights of our fellow countrymen who are permanently or temporarily living in other countries. The PDDSH will strive to mobilize our compatriots, however they live, in our country's political, cultural, and economic life.

The PDDSH's Economic Program

1. The PDDSH is for a market economy, but economic reform in Albania should take into consideration our country's specific political, social, and economic conditions created following the collapse of the cruel communist dictatorship. The PDDSH is against the "shock therapy" and in favor of a gradual reform resulting in less drastic consequences during the transition period.

2. The PDDSH will work to reduce the unemployment level by taking the following main measures:

a. Putting under operation state-owned profitable enterprises mainly in food, textiles, mining industry, and in agriculture, etc.

b. Investing in projects that create more new jobs in infrastructure, forestry, tourism, and so forth.

c. Encouraging private business of productive character, which involves more manpower.

d. Rapid privatization at all levels of state-owned enterprises.

3. The PDDSH will strive to narrow at fast speed the existing differences between the real pay and price level, in the following aspects:

a. Control, through a discouraging fiscal system, over the uncontrollable price hikes.

b. Gradual increase of salaries, pensions, and assistance allowances.

c. Tax exemption of pensioners, unemployed people receiving economic assistance, invalids, and children, and ticket price reduction for them in state-owned transport, cultural and sports activities, public services, electrical energy, dental services, school texts, and so on.

4. The PDDSH will work to draft a state financial budget on a more studied basis, bearing in mind the following:

— More rational rapports between investment and assistance, giving priority to the former so as to enable work and production to start again from scratch.

— Drastic cuts in unproductive costs, particularly in state administration, army, and so on.

5. The PDDSH will struggle in a lawful way to abrogate immediately the Law No. 7,689 of 15 April 1993 "On the Restitution and Compensation of Buildings and

Lands," and No. 7501 of 10 July 1993 "On the Agricultural Land." It will strive for new laws to be passed that should thoroughly honor the legitimate rights of former owners in towns and countryside to total and unconditional restitution of their property, arbitrarily grabbed by the communist state and not given back even by the present laws in force. The PDDSH will strive that the new laws on property contain the following legal obligations to the owners:

a. Immediate and unconditional restitution of the existing buildings.

b. Immediate restitution of free land grounds, or those on which economic or cultural facilities and villa type dwellings have been built.

c. Compensation in value, in other land grounds or in buildings (according to the former owner's right to choose) for all the land grounds occupied by multistory dwellings (apartment flats).

d. Compensation in value, or in other land grounds, for occupied land grounds on which social facilities have been built, like hospitals, schools, kindergartens and nurseries, roads, parks, stadiums, and sport fields.

e. Full restitution of agricultural lands, olive trees, grazing lands and forests to poor, middle or rich former owners living in towns or in the countryside.

f. In areas where the state possesses large areas of land, the former landowners can be compensated, if they so wish, in plots of land from the state-owned land.

g. Peasants, who according to "the Land Law" have received plots of land, remain as tenants of this land now belonging to its former owner. The owner cannot send the tenant away from this land earlier than a period of five years. After this period, new contractual agreements can be concluded between the owner of the land and the tenant.

In this case, the tenants who have rented the land do not pay any more taxes to the state.

6. The PDDSH will fight for the abrogation of the existing laws on privatization, because they sanction the privileges of red businessmen and violate the rights of former owners, political detainees, and the working people. The PDDSH will strive for a minute revision of privatization, according to the following criteria:

a. Small and medium-size enterprises should be privatized by selling them on credit to former owners of objects, land grounds, former political detainees, and people working in them. The credit will be paid back within a delayed period of five to 10 years, without any bank interest rate.

b. Large enterprises will be converted into shareholder enterprises in which 51 percent of the shares will initially remain state-owned property and 49 percent will be given free of charge to the workers of the respective enterprises.

c. With the abrogation of the government decision which has divided land to the working people for use, the agricultural enterprises will be revived and converted into shareholder enterprises, where shares will be divided according to the "b" clause of this article.

d. In agricultural enterprises set up on land that was formerly private property, the land, together with the economic projects built on it, will be given back to the former owner of the land, who is obliged to offer employment to not less than one farmer per family, for a period of two to three years. These types of enterprises can also be turned into private shareholder enterprises by agreement with the owner or owners who are carrying out their economic activities in the territory of former state enterprises.

7. The PDDSH is for the restitution to the former owners of riches expropriated or confiscated without compensation by the communist state, such as toppled buildings, livestock, monetary values, and so on. This will be gradually realised within a period of several years.

8. The state should compensate the political prisoners and detainees of the communist regime according to their relevant status in the following main directions:

a. Compensation in cash for the period of their sentence term in jails or concentration camps.

b. Free of charge privatization of state-houses they are living in.

c. Providing homeless people with free housing by the state.

d. Credits without bank interest rate, enabling them to start up business, and priority to the privatization of economic enterprises. Priority to employment.

e. Awarding study scholarships at home and abroad.

9. The PDDSH will encourage foreign investment in Albania. The PDDSH is of the opinion that the restitution of property to its former owners will attract foreign investors. The PDDSH is for offering stimulus to investment by large and serious foreign companies and creating procedural facilities for the conclusion of relevant contracts. A state administrative body will be set up for this purpose. It will deal with all the necessary practices that are currently dispersed among many government bodies, causing undue delays and concern to the foreign investors, and leaving room for corruption.

The PDDSH is of the opinion that in certain important sectors of our economy like agriculture, tourism, mining, and forestry, a policy of concessions must be pursued as a most profitable policy in our conditions, which would

further encourage foreign and serious investors. Priority in these concessions will be given to agreements between governments.

10. The PDDSH will work to attract most favorable credits to our country. Work will be done for more acceptable rapports between investment funds and those for technical assistance.

11. The PDDSH will see that the credits received by the Albanian banks really serve to encourage productive activities. In this respect, the following basic criteria will be pursued:

—To lower bank interest rates to medium international levels.

—To create favorable conditions (longer terms with lower interest rate) for productive activities which create new jobs in agriculture, construction, public services, etc.

12. The PDDSH will strive, through a favoring fiscal policy and state investments, to support and encourage the activities of those enterprises that produce domestic goods, especially in food, tobacco, the textile industry, etc.

13. The PDDSH is for the immediate creation of a stock exchange market. It is of the opinion that the setting up of private shareholder companies will mark a consolidating step for the market economy in Albania.

The PDDSH's Agrarian Policy

The PDDSH considers agriculture as one of the main branches of our economy, which plays and will still play in the future a primary role in our country's economic development. In this respect, the PDDSH will work to create conditions for Albanian agriculture and the Albanian countryside to embark really and as soon as possible upon a modern and intensive level of development, capable of successfully competing in the international market. To achieve this goal, the PDDSH will work in the following directions:

1. The production structures of the private agricultural economies should be defined by their owners themselves, according to the requirements of the market. The prospective development of agriculture will be guided by the state along a policy of subsidies. Given its suitable climatic and soil conditions, Albanian agriculture will be oriented toward the cultivation of tobacco, vineyards, cultivation of vegetables, strawberries and flowers in greenhouses, and toward animal husbandry.

2. Given the difficulties in creating a modern and competitive agricultural technology due to the large fragmentation of the land, the PDDSH will work (by providing credits, subsidies, and a favorable fiscal system) for the creation of farmers' units and private shareholder enterprises in the production sphere, agricultural machinery, transport, collecting and trading the products, and in the bank system, etc.

3. The PDDSH will work to encourage and stimulate the setting up of private farms by specialists in agriculture, the state renting them land from its own land (10-12 hectares) and offering them assistance with credits at low interest rates, exempting them from rent tax, and reducing their income tax for the first two or three years, etc.

4. The state, through a license system, will encourage the creation of private rural centers for selling seeds, pesticides, and chemical fertilizers. These centers will be required to be run by agronomists of high education.

5. The PDDSH will insist that a network of centers of technical assistance and control over agriculture be organized on a village- commune basis so as to ensure effective assistance and control over the development of agriculture and animal husbandry, according to technical discipline, strictly respecting the legislation in force.

6. The PDDSH is for offering support to joint ventures with foreign investment, by respecting parity in invested capitals and clearly defining the mutual obligations and profits in advance.

The state will also assist in creating enterprises with foreign investors, renting to them land from the state-owned land, and allowing private owners, too, to rent their land.

7. While being for passing a law that will allow selling and buying land, the PDDSH is against selling agricultural land to foreigners for a period of not less than 10 years, and it is against selling agricultural land to citizens of neighboring countries who live near the frontiers with our country.

The PDDSH will pursue a social policy promoting the interests of the most deprived and unprotected segments of our country's population. It will strive to protect the interests of these segments, making the state take the necessary measures in their favor. The PDDSH will struggle also for improvements in the social policy pursued by the state in all fields of its activities. In this respect, the PDDSH's attention will focus on taking the following measures:

1. Free ambulatory and hospital health services in the state-owned health institutions. Free service in the state-owned dental clinics (except for full or partial prostheses, for which pensioners, invalids, and people economically assisted by the state will pay up to a 50-percent reduced price.

2. State-owned education system. Obligatory eight-year education. Reduced prices of school books.

3. The state will support scientific research work in all fields. The scientific research institutions will be entirely financed by the state.

4. The state will fully or partially finance the activities of cultural and sports institutions, as well as educational

entertainment and leisure activities for youth and children. The state will also assist and encourage private undertakings in setting up and operating sports associations, establishments for the education and entertainment of children (discos, cinemas and clubs, game centers, swimming pools, etc.) The state will assist with financial contribution in setting up clubs and other establishments for aged people and pensioners.

5. The PDDSH will strive to extend the period of leave days per year, birth leave days for pregnant women, and prohibit night shift work or other particularly difficult jobs for women.

7. The PDDSH will strive for the improvement of infrastructure by investing in repairing existing roads and building up a new modern road, railroad, and internal air transport network.

8. The PDDSH will persevere with investments in restructuring the electrical network of the cities and their potable water supply system.

9. The PDDSH attaches extremely great importance to a concrete estimation of Albania's intellectual potential. The PDDSH will struggle so that the state pursues a favorable policy toward an active participation of Albanian intellectuals and specialists in drafting projects, steering and putting them into practice, and in other technical and scientific undertakings, keeping under control the number of foreign specialists involved in these projects. The PDDSH severely condemns as antinational and antieconomic every attitude of underestimating our specialists.

10. The PDDSH is of the opinion that the state should coordinate private business through legal means, ensuring fair rapports between the sphere of commerce and that of public service so as normally to meet the population's needs in this sector.

11. The state will wield its strict control over hygiene and sanitary conditions in the commercial sector and services. It will gradually restrict street vendor trade, especially in food products, and discipline the trade of vegetables and fruits in centers controlled by hygiene and sanitary bodies.

12. The PDDSH is for a fair solution and prevention of social conflicts stemming from demographic movements of the population from mountainous areas, especially from the northeastern parts of our country. The PDDSH will not encourage parallel movements from one village to another, but it is for a free movement of people from villages to the towns. In the actual period of trnasition, the PDDSH is of the opinion that the state, through investments in forests and mines, should assist the peasants living in these areas with long-term, interest-free credits, so as to create living conditions in their areas until jobs for them are created in the towns.

The PDDSH views the movement of part of the population into the towns as an indispensable element of the long-term state program. In this respect, the state will give priority to villagers having little land, and families living in agricultural state-owned enterprises to move gradually to the towns as new jobs are created there.

13. In all its political activity, especially dealing with economic and social problems, the PDDSH will seek the opinion of and closely cooperate with the BSPSH [Union of Independent Trade Unions of Albania], the Association of Former Political Prisoners and Detainees, the Association of the Kulaks, patriotic societies like "Kosova," "Cameria," "Tirana," and other societies of anticommunist program and orientation. (To be continued in the next issue.)

Spokesman Responds to Turkish Overflight Report

AU1606173394 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 16 Jun 94

[Text] Foreign Ministry Spokesman Radko Vlaykov replied to a question from BTA regarding reports in certain mass media in Turkey, according to which part of the Turkish contingent of Blue Helmets is supposed to be transported to Bosnia-Herzegovina on civil aircraft flying over Bulgarian territory.

In his reply, the Bulgarian Foreign Ministry spokesman stated that this issue has not been officially raised with Bulgaria. He said that all our neighbors have been repeatedly informed of the Bulgarian position regarding the conflict in former Yugoslavia. He recalled some of the elements of this position: nonparticipation in the conflict, whether directly or indirectly, including under the aegis of the United Nations, and appeals made to neighboring Balkan states to refrain from participation in the conflict. He said that a nationwide consensus exists in Bulgaria on this issue, which is shared by the political forces, the president, parliament, and the government, and no grounds exist for altering this position.

SDS Chairman Comments on Parliament Boycott

AU1606172194 Sofia DEMOKRATSIYA in Bulgarian 13 Jun 94 pp 1, 3

[Interview with Filip Dimitrov, chairman of the National Coordinating Council of the Union of Democratic Forces, by DEMOKRATSIYA Chief Editor Panayot Denev; place and date not given]

[Text] [Denev] Mr. Dimitrov, will the SDS [Union of Democratic Forces] give up its boycott of parliament?

[Dimitrov] There are no reasons to do this.

[Denev] Mr. Stefan Savov, chairman of the SDS parliamentary group, and other members of the group have stated that the boycott is a great mistake and only makes things easier for the Communists....

[Dimitrov] The problem is that the answers are given on different planes. If one is referring to slowing down proceedings, to parliament not working particularly well, it is true that this was achieved to a large degree, even previously. In and of itself, the boycott does not slow down proceedings. Nevertheless, in one way or another (slowly and with difficulty, thanks to our deputies' efforts), the proceedings have made progress. Now only 10 clauses of the bill on the judiciary remain to be examined. Meanwhile, over 200 clauses of this bill gave gone through, including some aimed at uncontrolled recommunization, like Article 113. The same is true in many other cases. There is no need to mention that certain dangerous deadlines are drawing near. In the final analysis, we are losing most battles, although we are succeeding in delaying them. I cannot be elated that we have postponed the next tragedy by one day. This is also tormenting our supporters. We are postponing things, but they do not know until when, and they ask themselves whether this state of affairs will not continue until the end of this parliament's term. In other words, they are beginning to suspect that we like this situation and have no inclination to alter things.

[Denev] Nevertheless, why did you decide on the boycott and what will you gain from it?

[Dimitrov] First, I would like to make one thing clear: No political action, especially in the present situation, carries a 100-percent guarantee of being successful. Politics includes risks, and they are great, especially now. It is childish to demand cast- iron guarantees from anyone. The National Assembly deputies should not demand this either, they should have an excellent understanding of the complexity of the situation.

Now, about the boycott. The crisis in Bulgaria is a fact. The Constitution has been violated. Because of the actions of the majority, the public regards parliament as a negation of parliamentarianism. The government is discredited, it has received a vote of no confidence, and its policies are rejected on a mass scale. Public opinion wants elections. Most of the institutions favor elections. Even the Communists [Socialists] at their congress found themselves obliged to issue a call for elections (albeit in rather vague terms). On the other hand, everyone apart from the SDS has his own secret designs: to saturate public opinion with stories about elections, while gradually slowing the ball down and exploiting the summer vacation and the seasonal easing of the economic drama, in the final event, to retain the present government or one similar to it to carry on with the same policies that are so disastrous for Bulgaria. Such a false mitigation of the crisis will have ominous consequences, and we must not allow this to happen.

[Denev] Will the boycott help to achieve this?

[Dimitrov] The boycott is one of the ways. Parliament is managing to pass some laws, but tension within it is increasing. The Constitution is being violated every day because of the lack of a quorum in the plenary hall. The majority is confused, and processes of disintegration are under way within it. Certain positions are being reassessed. The crisis continues to be evident, and this compels them to seek solutions instead of "mitigating" the situation. In other words, by itself, the boycott is an inadequate means for forcing elections, but it is our most effective method of ensuring that the facts of the political crisis remain evident, of preventing it from being glossed over and consequently gradually sharpening public opinion, all the more because in this manner the SDS clearly dissociates itself from the absurd conduct of this parliament and makes its contribution to future elections.

[Denev] Is it not true that some of the laws that are being passed in the meantime may cause great harm?

[Dimitrov] This is also a matter of opinion. Most of the laws that the present parliament is considering were drafted by the SDS government of SDS deputies. Now the majority is making them dangerous by amending a small number of specific clauses. In this way, they change the law into its opposite. Unless elections are held, this parliament, with the present majority, will inevitably adopt these laws—a month earlier or a month later. If we win the elections (and I personally believe that we will have the best chance of doing so precisely now), these clauses will be amended immediately, especially if, when the new parliament is formed, we make slight changes to the National Assembly's rules of procedure so that parliament can operate more quickly.

[Denev] Why then, precisely, did you assume the responsibility of suspending the boycott while the clauses of the bill on the judiciary are being considered?

[Dimitrov] I think you are asking me this question in the wrong way. We are not stopping the boycott. We declared at the outset, and the SDS National Coordinating Council approved it by vote, that we will enter the plenary hall on all occasions when votes are taken that are connected with the fate of the government and when the electoral law is debated. (I should also say that we will take part then other acts connected with the electoral law are being debated, such as the resolution on personal files.) However, I insisted also including in the formula that we will also enter the hall in the event of a gross violation of constitutional order. This is the case with the restrictions on magistrates and members of the Supreme Judicial Council, which in practice exclude noncommunists from these institutions. Under the Constitution, judges cannot be removed. This means that they are now aiming to gain control of the judicial system for years in the future. This differentiates this bill from every other law. Of course, I have no particular illusions about the parliamentary majority, despite the outright condemnation of this law that is contained in the report of the Council of Europe rapporteurs. Nevertheless, I would not want the Communists to be able to hide their intentions precisely on this issue. Since we will deal with these clauses in the bill later, I do not intend to discuss them now, but I repeat: For me, violation of constitutional law is the dividing line.

[Denev] Is it not strange that you, who were in fact against the adoption of this Constitution, are now defending it?

[Dimitrov] The Constitution indeed has many shortcomings, and recent events prove it. Under this Constitution, we cannot even get rid of a government that received an outright vote of no confidence. I very much hope that the next parliament will make changes in the Constitution, which includes amending it in accordance with the principles of the Turnovo Constitution, which provides for a sensible division of powers. These principles will have to be further elucidated, and I am ready to discuss them separately. Otherwise, arbitrary rule is being established in the state, and this means that any human right may be violated with impunity. This has nothing in common with democracy. We must fight against arbitrary rule by all means.

BSP Plenum Elects Executive Bureau Members

AU1606113794 Sofia DUMA in Bulgarian 13 Jun 94 pp 1, 2

[DUMA PRESS report]

[Text] Georgi Purvanov, Doncho Konakchiev, Krasimir Premyanov, and Yanaki Stoilov were elected deputy chairmen of the Executive Bureau of the Bulgarian Socialist Party [BSP] Supreme Council at the Supreme Council's first meeting on 11 June. Nikolay Kamov and Klara Marinova are the old-new BSP spokesmen. Ten persons were elected members of the BSP Executive Bureau. In addition to those 10 members, Zhan Videnov, chairman of the BSP Supreme Council, and Nora Ananieva, chairperson of the Parliamentary Union for Social Democracy [PSSD], are also members of the BSP Executive Bureau by virtue of the posts they hold. Thus the new Executive Bureau consists of 18 members.

During the discussion of the membership of the Executive Bureau of the BSP Supreme Council, an objection was expressed regarding the fact that most of the candidates are people's representatives. The proposal to observe the principle of the regional representation was rejected. Several candidates withdrew their candidacy, others were rejected, and new candidates were nominated. The list proposed by Zhan Videnov was slightly amended. The new names on this list are Yanaki Stoilov, Violeta Ivanova from Pernik, and Miroslav Popov. Already at the beginning of the discussion Zhan Videnov stated that he had intended to propose Yanaki Stoilov, but was not able to meet him and talk to him. Zlatimir Orsov withdrew his candidacy for private reasons. Georgi Pirinski also withdrew his candidacy in a categorical manner and explained this by the fundamental differences in anything related to the party's economic policy.

Ivelin Nikolov, chairman of the BSP Gabrovo City Organization, reported the wish of the BSP Gabrovo organization not to elect Krasimir Premyanov as a member of the Executive Bureau because of his work style. According to Nora Ananieva, certain changes in the PSSD leadership could be expected because several members are also members of the Executive Bureau and thus they would be too busy.

The participants in the plenum of the BSP Supreme Council elected the BSP Supreme Council leading organs—15 commissions and their leaderships. The commission chairmen will propose their memberships. After a discussion by the Executive Bureau they will be approved by the Supreme Council at one of its next meetings.

The BSP Supreme Council instructed the Executive Bureau to make the necessary changes in the BSP registration which spring from the decisions of the 41st BSP Congress, in accordance with Article 10 of the Political Parties Bill.

The BSP Supreme Council instructed BSP Chairman Zhan Videnov to prepare a draft program for the Supreme Council's work during the second half of 1994, which will be discussed at the next Supreme Council plenum, at which the BSP structure, budget, and payroll will also be updated.

After the plenum the new membership of the Executive Bureau met. On 14 June the Executive Bureau will issue its general assessment of the congress' work, spokesman Nikolay Kamov said.

Membership of the BSP Supreme Council Executive Bureau

Ex officio:
Zhan Vasilev Videnov, Supreme Council chairman;
Nora Krachunova Ananieva, PSSD chairman

Elected

	Votes For	Votes Against
Deputy chairmen		
Georgi Sedefchov Purvanov	90	12
Doncho Donchev Konakchiev	57	45
Krasimir Andreev Premyanov	55	47
Yanaki Boyanov Stoilov	85	17
Spokesmen		
Nikolay Georgiev Kamov	94	8
Klara Vulova Marinova	85	17
Members		
Anzhel Raymond Vagenshtayn	95	7
Anton Marinov Grigorov	94	8
Vladimir Vladimirov Topencharov	55	47
Violeta Vasileva Ivanona	68	34
Kiril Stoyanov Zhelev	94	8
Lyubomir Panayotov Kolarov	83	19
Miroslav Kostadinov Popov	62	40
Nikola Petrov Koychev	97	5
Nikolay Kirilov Dobrev	86	16
Yuriy Mitkov Borisov	82	20

Socialist Leader Views Contest With Videnov

AU1606153694 Sofia STANDART NEWS in Bulgarian 11 Jun 94 p 13

[Interview with Aleksandur Marinov, chairman of the Bulgarian Socialist Party Sofia (BSP) City Organization, by Teodora Encheva; place and date not given: "41st BSP Congress Was Rigidly Staged"]

[Text] [Encheva] Mr. Marinov, were you definitely defeated by Zhan Videnov?

[Marinov] (Laughing) I do not think your question is precise. There was no duel between me and Zhan Videnov even from the formal point of view. The contest simply did not take place. It was not allowed.

[Encheva] But you yourself opened the duel.

[Marinov] On the contrary, such an impression was deliberately created to use it as a pretext of staging an attack against myself and my colleagues from the Sofia organization. I would like to say that I am rather concerned with the artificial lack of alternatives. This is something that does not speak well of the Bulgarian Socialist Party [BSP], because the party did not do the necessary for having a normal, nonviolent contest at the congress. This was a consequence of the congress' spirit. The real problems were evaded and there was a desire to proceed in a smooth manner, occasionally, amidst staged applause. Personally, I use very cautiously the concept "definitely," and view ironically any attempt to speak on behalf of history.

[Encheva] Who was the stage director at the congress?

[Marinov] The old leadership. This was a skillfully manipulated congress, which returns us very much to the past. everything was reduced to resolving the personnel issue. However, the critical discussion should not have been eliminated. I am disappointed, because I thought that the changes in the BSP are irreversible.

There was a strict staging of the statements. The principle of giving the floor in accordance to the order of requesting it, was not observed. There was an extensive preliminary campaign in the media, including our party organ, which had the task of creating a negative attitude toward certain organizations and people, and then there was the entire technical organization of the congress itself.

[Encheva] Why were you the only candidate against Videnov? What happened to Yanaki Stoilov, Nikolay Kamov, Georgi Purvanov....

[Marinov] Well, I suppose that when certain people saw what happens, they lost their desire to compete.

[Encheva] Desire or....

[Marinov] So to speak.

[Encheva] What do you want now from the BSP?

[Marinov] I want a program clarity, a clear face, and less general and evasive phrases. Second, I want a decisive rather that a simulated orientation toward new elections. In this sphere we again are carried away by the wave of strong words. Third, I want to expand democracy in the party—only thus would it be possible to expand its influence and allow its cadres to develop their potential.

Unfortunately, according to the charter this is impossible. I cannot understand why my proposal to allow the municipal organizations to nominate the candidates for National Assembly membership was not accepted.

[Encheva] Do you still think that the elections will take place this fall?

[Marinov] I already have my doubts. I am afraid that the elections are a flag that is being waved for different reasons. I would be a great disaster for the BSP if it finds itself at the rear end of the events, and is forcibly brought to the election polling stations. However, there still is a great chance that there will be elections in the fall, not because someone wants them, but because those are the objective tendencies. It would be very bad, let me repeat, very bad, if the impression is created that the BSP is afraid of elections. I am afraid that such an impression has already been created.

[Encheva] Nevertheless, why did you not allow yourself to be elected as a member of the BSP Supreme Council?

[Marinov] I refused to be a delegate of the Sofia organization. Frankly, I sensed the prevailing spirit and deliberately assumed a risk hoping that an absurd situation will emerge, which will indicate the real situation.

[Encheva] Do you think that this was a personal defeat?

[Marinov] I consider this to be an injustice. Life has taught me to endure defeats, but I have difficulties in swallowing injustice. I do not think that political rating is something fleeting that emerges and disappears suddenly. However, my cause was just and most of my benevolent comrades will appreciate this.

Personally, I did not expect that so many unworthy means would be used in such a scope. What can I do, this is democracy.... (laughing)

[Encheva] Do you feel betrayed?

[Marinov] No. I am sorry that most of the delegates did not understand what happened.

[Encheva] You did not have a team, is this what you mean?

[Marinov] I did not have organized support because I did not need a conspiracy. However, I had the support of a large part of the Sofia organization and other regions.

[Encheva] I did not understand what do you call the division in the BSP.

[Marinov] Look, the question is whose interests are being defended through politics. Obviously, certain internal and external economic factors have their influence, and our differences constantly increase. I do not say that those differences could be completely eliminated, but it should be clear what prompts our political steps.

Today we should have a much more active social policy—but you see what happens.

I think that the ideas of general-democratic reforms are rather a cover, because it is clear that the reforms have a socioeconomic contents.

[Encheva] Will you head an ideological current within the BSP?

[Marinov] My views coincide with the main ideas vested in the BSP draft program, prepared by the Strategic Research Center. I would make the step you mention if the adoption of the program is prevented. Obviously, an ideological and political division will emerge then in the BSP.

[Encheva] The referendum on the program will be after 9 September. Will you wait passively until then?

[Marinov] First, we have to elaborate the draft.

I am afraid that we will have to overcome a serious resistance and attempts to change it in such a way that it would lose its authentic ideas. It should be clearly explained to the party what is the meaning of the referendum.

[Encheva] Do you trust Videnov as a chairman?

[Marinov] I cannot answer this question unequivocally.

[Encheva] This is prompted by your emotions, right?

[Marinov] He is the legitimate chairman, and I observe the party charter. However, confidence is something much greater than that.

RDP Group Director Wants Army as Customer

AU1606154094 Prague LIDOVE NOVINY in Czech 14 Jun 94 p 2

[CTK report: "The RDP Group Is Eager To Have the Czech Army as a Customer"]

[Text] Prague—The RDP Group consortium, associating 40 arms enterprises, is interested in having the Czech Army as a customer. Viktorie Hradska, director general of the consortium, said this in an interview for CTK yesterday.

She believes that the statement that Defense Minister Baudys has no intention of dealing with the RDP Group is "rather exaggerated." Disputes that have arisen between the consortium and the Army, if any, should not be generalized, according to Hradska.

Baudys says in his statement that he has no intention of negotiating with the RDP the deliveries of military material to meet the needs of the Czech Army. The reason is the fact that the minister wants to directly address the manufacturers when making purchases. According to what he said, the Army does not need a mediator when concluding contracts.

Hradska is convinced that the existence of an organization of the RDP type, which would provide an umbrella for the given sphere of industry, is necessary. According to her, such company allows a rational arrangement and mutual interlinking of the production programs of the consortium members as regards research, development, and strategic planning, which would be too expensive for a single company. The RDP also should provide some guarantee that some of the Czech companies will not be swallowed by foreign industry, the director believes.

ΩArmy Reorganizes, Downsizes

94P20884A

[Editorial Report] Several recent items in Czech periodicals have discussed the process of reorganizing, modernizing, and downsizing the Czech Army.

Command Reorganization

The deactivation of the Western and Central Military Commands and their replacement by two corps commands headquartered in Tabor and Olomouc were reported in the 19 April issue of ARMADNI REPORT. Lieutenant General Frantisek Podesva, newly named commander of II Corps, told the military journal that "the purpose of the Army reorganization is creation of a new concept of operational command levels." The general stated that the new corps would assume some of the functions of the old military commands, such as basic training and responsibility for "mobilization-asset acquisition," but that some duties, such as property management, would be assumed by other components.

Below the corps level, the Central Military Command Army divisions in the the II Corps area will be converted to three mechanized brigades in mid-July, according to ARMADNI REPORT. Two Western Military Command armored divisions will be reorganized as the I Corps brigades by 1 July, while the transformation of the 20th Mechanized Division into a brigade within the I Corps will be completed in 1995. Upon assuming command of the I Corps, Major General Lubomir Jura stated that the emphasis of reorganization and training efforts will now shift to the company and platoon levels. Jura noted that Army downsizing had so far led to the deactivation of 54 regiment- and division-sized units and the release of 16 bases to civilian uses.

Training Area Reduction

Army cutbacks have included a consolidation of military training areas. MLADA FRONTA DNES of 19 May indicates that the number of Army training areas has been reduced from eight in 1990 to five currently. The facilities that were terminated were those located at Dobra Voda in Klatovy district, at Ralsko in Ceska Lipa, and at Mlada in the districts of Nymburk and Mlada Boleslav. The largest remaining training areas are now those in Libava and Hradiste.

Libava, in the vicinity of Olomouc, is used for practice firing from hand-held weapons, self-propelled artillery, infantry-combat-vehicle guns, tanks, and field artillery. As of 1994, it also includes an aerial target range for fighter and bomber aircraft. The Army also has 12 firing ranges in the Hradiste military training area near Karlovy Vary, better known as Doupov, of which the largest are tank, infantry, and helicopter firing ranges. The 25,000-hectare Boletice training area in southern Bohemia has seven firing ranges, including one for helicopters. Training takes place mainly in artillery and armored-personnel-carrier, tank, and hand-held weapons fire. A similar area at Brdy, near Pribram, serves for artillery and tank training as well as air bombing and strafing. The oldest training area in Brezina in the Vyskov district, established in 1935, is used for practice firing by tanks, infantry combat vehicles, and artillery. It is the smallest of the training areas, comprising 15,000 hectares. MLADA FRONTA DNES notes that civilian populations in the regions surrounding the training areas tend to complain about the disruptive effects of military operations on their daily lives.

Rapid Deployment Force

The establishment of an elite rapid deployment brigade was described as one of the "key elements" in Army reorganization by a 14 May LIDOVE NOVINY article, which also noted that the brigade "is one of the few development programs the military is able to afford, in view of its tight budget (27 billion korunas [Kc])." According to LIDOVE NOVINY, the rapid deployment brigade should become operational by 1 July of this year, and its formation will cost approximately Kc800 million.

The paper quoted the colonel in charge of organizing the new unit as rejecting any "theories" that the professionalization of the Army might fail. He did, however, concede that the substandard physical condition of many recruits and the poor condition of military housing facilities are obstacles to the establishment of an effective professional fighting force.

An article in the 19 April military journal A REPORT described a press conference by Defense Minister Antonin Baudys that was almost entirely devoted to the rapid deployment brigade. Baudys said that, like the rest of the military, the new unit faced a shortage of qualified junior officers. "Finding young people for the brigade should be the start of a fundamental change in this respect, but it is a process that will require a number of years," stated the minister. As a result, said Baudys, the rapid deployment brigade will start as a semiprofessional unit to be converted gradually into a fully professional one. He added that new methods of attracting qualified recruits were being tried, such as use of the concept of "extended service time," under which the soldiers would receive a one-time cash payment or "temporary retirement pay upon completion of [their] term of service."

PM Wants Further Cuts

During a recent visit to II Corps headquarters in Olomouc, where he was briefed on the status of Army modernization and restructuring, Prime Minister Vaclav Klaus said that progress in transforming the military was proceeding at about the same speed as that of the rest of Czech society. The 7 May issue of the Moravian daily ROVNOST quoted him as saying: "After completing most of its reorganization, the Army is now entering the stage of routine buildup and improvement." Klaus added, however, that the Army still needs to "reduce rather than add weight."

ΩReview of Military Developments

94P20872A

[Editorial Report] Several recent Czech periodical articles have provided information on developments in the Czech defense industry.

New Military Jet

Victor Kucera, research and development director of the Czech aircraft manufacturer Aero Vodochody, provided details on his company's new L-159 multipurpose light combat aircraft in an interview published in the 19 April issue of the military journal A REPORT. Kucera said that the L-159 will come in one- and two-seat versions, both with good fuel economy, advanced avionics, and the capability of operating over chemically contaminated terrain. The L-159 prototype is slated for production in 1996, and the aircraft is scheduled to be available for delivery by the end of 1998. The initial manufacturing run is estimated to be about 100 aircraft, most of which will be acquired by the Czech Air Force. The plane will meet international criteria, including NATO compatibility, and will be available for export. Its maintenance and operational procedures, weapon systems, and ammunition will correspond fully to Western standards.

Kucera noted that the L-159 is a substantial upgrade of Aero Vodochody's proven L-59 series. Even though the L-159 will reach a maximum speed of only Mach 0.82, due to construction techniques and a wing design that facilitate cheap and rapid production, the new plane, according to Kucera, should perform better than the MiG-21 and the MiG-23. The L-159 will not be very well suited to dogfights, but it will have strong defensive capabilities, including multipurpose radar and the most modern passive and active defense protection available. Kucera described the L-159 as being very similar to the British HAWK aircraft. He said that four L-159's will cost no more than one U.S. F-16.

Defense Procurement Contracts

The efforts of the Czech armed forces to modernize and achieve NATO compatibility have led the Czech Defense Ministry to seek bids by suppliers of various types of military hardware. According to the 19 May issue of the Prague daily LIDOVE NOVINY, approximately 40 companies are currently competing for contracts. Requests for proposals have been issued for an all-terrain vehicle (for which Mercedes is competing with the U.S. Jeep Corporation and Prague-based Avia), a new combat aircraft (for which the Czech company Aero Vodochody is developing a prototype), guided missiles (for which the French firm Matra is seen as the primary bidder), infantry weapons (pitting the Czech Arms Plants [Ceska Zbrojovka] against the Swiss firm SIG), tractors (which may be obtained from Tatra), and communications systems (which Italy's Marconi and Germany's Dornier would like to provide).

LIDOVE NOVINY notes that the big sums involved in large-scale defense procurement have raised the issue of potential bribery. The paper writes that, while some Defense ministry officials dismiss this possibility, other ministry employees claim that the first signs have already appeared in the form of expensive restaurant-bill payments by representatives of defense contractors. The new chief of Army logistics, Frantisek Veprek, told LIDOVE NOVINY that even such behavior by procurement officials is unacceptable. As an example of measures that have been taken to forestall bribery attempts, Veprek pointed to the division of labor among three offices that work on contract bids: one prepares contracts for bids, another evaluates bids, and a third approves proposals.

Foreign Training Approved

The Czech parliament has approved a government proposal that would allow Czech Army units to be sent to foreign countries for training and, conversely, allow foreign military units to train with the Czech armed forces in the Czech Republic, according to the 30 April RUDE PRAVO. The liaison training will be limited to 30 days and 700 troops for Czech units traveling to foreign countries, and foreign units in the Czech Republic are to be limited to a stay of 21 days and are not to exceed 5,000 troops at any one time.

New Generals

SVOBODNE SLOVO of 9 May reported that President Vaclav Havel has promoted three Army officers to the rank of general. Ladislav Kozler, chief of the Defense Ministry Foreign Relations Department, and Josef Dufek, commander of the 4th Air Defense Corps, were named major generals, while Colonel Rostislav til, the commander of Czech troops detailed to the UN Protection Force (UNPROFOR) in the former Yugoslavia, was given the brevet rank of major general for the duration of his service with UNPROFOR.

Prime Minister Comments on Upcoming Elections

BR1606124294 Brussels LA LIBRE BELGIQUE in French 15 Jun 94 p 6

[Interview with Slovak Prime Minister Jozef Moravcik by Christine Dupre in Prague; date not given: "The Coalition Endangered"]

[Text] *The defeat in the Slovak parliament of the draft bill that would have allowed bilingual signs in communities with a strong Hungarian minority marks the first failure of the coalition government (comprising the Communist Renewal, center parties, and the Christian Democrats) led by Josef Moravcik since the overthrow of his predecessor, Vladimir Meciar, last March. This 49-year-old attorney will have difficulty in keeping his coalition together after the early elections of 30 September and 1 October 1994, let alone preventing the return of Meciar and the nationalists. But the Slovak prime minister refused to dramatize the situation during the interview he granted to LA LIBRE BELGIQUE.*

[Moravcik] It is true that the rejection of the bill can be interpreted as a failure. But I believe that today we are nonetheless closer to conforming with the Council of Europe recommendations: Both the majority and the opposition agree on the principle of bilingual signs in communities in which linguistic minorities represent at least 20 percent of the population. The differences in opinion relate to the names that should appear alongside the official Slovak names. But there is really only a very little way to go to obtain a consensus. This is a technical question, and I am convinced that we will succeed in mastering it.

[Dupre] Does this not also prove that Vladimir Meciar remains very strong? He is already campaigning in the villages in which the election may possibly be played out.

[Moravcik] The polls are in fact pointing to a fall in popularity of Meciar and his Movement for a Democratic Slovakia (HZDS), with right now some 20 percent of prospective votes. I hope that we will succeed in convincing the electorate that there is another way of exercising power than the one used by Meciar. The economic measures that the IMF recommended to limit our budget deficit to 4 percent of the GDP, the VAT [value-added tax] raising to 25 percent on 10 percent of goods and services, and the fall in farm subsidies will not make our task any easier, but we have no choice. On the other hand, we are looking to revive the building industry through privatization money: The programs we will be launching in the regions will play a very important role here.

[Dupre] Will Slovakia be staking its future and its attachment to Europe on these elections?

[Moravcik] I do not believe these parliamentary elections are going to substantially alter the political scene. The present coalition has a chance of remaining in power, but its fate is, to a large extent, in the hands of the Party of the Democratic Left (the SDL or Communist Renewal, the leading party in government). If it maintains its image as a modern, Western, and European party, everything will go well (editor's note: the SDL base is at times suspected of preferring an alliance with Vladimir Meciar). Taking a long-term approach, it is to be hoped that the other political formations will succeed in sidelining the HZDS, treating it as an extremist party. If Meciar's party were to obtain a better-than-expected result, Slovakia would be slowed down on the path it has mapped out, but I do not believe its fundamental directions would be called into question.

[Dupre] How do you react on hearing Czech Prime Minister Vaclav Klaus questioning the legitimacy of the government you head up and refusing to meet you? Does this represent indirect support of Meciar?

[Moravcik] Mr. Klaus has two main character traits: his conservatism and his caution. He is waiting. An attitude that pretty much resembles that of West European countries.

ΩWriter Attacks Coalition, Supports Meciar

94P20882A

[Editorial Report] As elections draw nearer—they are scheduled for 30 September-1 October—a progovernment weekly has criticized Slovak writers for being heavily involved in partisan politics. Commentator Nina Hradiska, writing in the 2 May NOVE SLOVO BEZ RESPEKTU, charged that unspecified writers are becoming increasingly vocal in support of their candidates and, "forgetting their proper social mission," some of them are acting as unabashed partisan activists. "With great zeal, they are turning into politicians...day in and day out, they display the irresistible urge not only 'to be with it' but also 'to be in it.'" This misplaced enthusiasm, according to Hradiska, is particularly noticeable when there is an opportunity "to get publicity and an equally important chance to get lucrative rewards." This, she said, reminded her of a popular joke from the communist period: "Why do we build socialism with such enthusiasm? Because it is easier than to work!" She concluded: "Today the easiest thing is to dabble in politics."

A recent article printed in the weekly LITERARNY TYZDENNIK, published in Bratislava by the Syndicate of Slovak Writers, an organization leaning ideologically toward former Prime Minister Vladimir Meciar, seems to bear out Hradiska's critical contention.

Writing in the 29 April issue of LITERARNY TYZDENNIK, the veteran novelist and essayist Vladimir Minac attacked by name a number of prominent Meciar opponents who support the current anti-Meciar coalition. With emotion, Minac rejected their political credentials and characterized them as turncoats, who have abandoned "the cause of Slovak freedom. " He found them to be a peculiar kind of "political transvestite," without principles and conscience, who shun daylight

and public disclosure, preferring "to change their clothes and their makeup under the cover of darkness, often behind the castle walls [an allusion to the residence of the Slovak president], because they hate it when people catch them while they are changing their disguise; they would much rather appear in public already freshly remade, complete with their old speech defects and their brand new faults."

One after another, Minac presented his fanciful character sketches of Ludovit Cernak, Roman Kovac, Michal Kovac, and Peter Weiss. Cernak and Roman Kovac were described by him as musclemen showing off their newly acquired muscle power. Michal Kovac—the name in Slovak means "blacksmith"—is presented as attempting to shoe an unruly, kicking horse (Meciar), while Peter Weiss, previously "the humble servant of the working man," was portrayed sporting the "armor of power," which prevents him from "hearing the voices of his neighbors."

The brunt of Minac's derision was reserved for the KDH [Christian Democratic Movement] chairman, Jan Carnogursky, who was presented as "the senior master of Slovak political transvestitism." Minac accused him of hypocritieally pretending to be a champion of Slovak independence while exerting great effort to extinguish it." In a cryptic and bizarre reference to Carnogursky's involvement with the German Adenauer Foundation, Minac also charged Carnogursky with being in the service of the Order of German Knights," which for many centuries efficiently and charitably kept exterminating Carnogursky's dear neighbors, the Poles." Carnogursky, suggested Minac, "either has no historical memory or is a man...without norms and thus also without conscience."

Minac summed up his observations by charging that the contemporary Slovak "political scene is rapidly being victimized by bolshevism" and that "lies are becoming rampant in it." He branded the present "broad" governmental coalition of left and right parties "a fusion of black cassocks with pink panthers," a political arrangement that is bound "to accomplish the full rebolshevization" of the country. Should it succeed, warned Minac, "that would be it, amen, darkness." He then proceeded to criticize also the Slovak media, which he accused of subservience and a lack of moral convictions. Slovak journalists, charged Minac, "are literally outdoing themselves in enjoying their new mercenary role as they provide the new ministers [of the Moravcik government] the most fitting answers to appropriately chosen questions—the same way it used to be during the dullest times of the old regime." He concluded: "They find themselves in a state of bliss because now they have available a great number of new orifices they can crawl into. Transvestites dance to their own peculiar music. That is why transvestite politicians need their own transvestite media."

Two Ethnic Hungarian Parties Coalesce

LD1606131894 Budapest Kossuth Radio Network in Hungarian 1000 GMT 16 Jun 94

[Text] A coalition agreement on future cooperation was reached on 15 June between the Hungarian Christian Democratic Movement in Slovakia and Coexistence. Ildiko Nagy reports from Bratislava on the details:

[Begin Nagy recording] It lays down close political cooperation, the setting up of joint bodies, a dual election coalition, and further expansion with a third partner. The two sides also agreed that they would begin discussions soon with the Hungarian Civic Party on expanding the dual coalition into a triple one.

In answer to a question from Hungarian radio's correspondent [Nagy], Bela Bugar, chairman of the Hungarian Christian Democratic Movement, said he was satisfied with the result because they managed to achieve what the movement's national executive asked the negotiating delegation to do: to try to form a triple coalition. The two partners have already agreed on the conditions for this; however, this will be made public only after the dual coalition agreement is signed next week.

The documents adopted at the 8 January 1994 Komarno rally constitute the basis of the agreement. If these are acceptable to the third party—that is, the Hungarian Civic Party—then, in the view of the Hungarian Christian Democratic Movement chairman, they will succeed in forming a triple election alliance. [end recording]

Businessman Founds Political Movement

AU1606175394 Bratislava SME in Slovak 15 Jun 94 p 3

[Article by "(asa)"]

[Text] Businessman Rudolf Mosny is putting himself forward in the new role of politician and is entering onto the Slovak political scene. Yesterday, he briefed correspondents on his new political movement, New Slovakia [Nove Slovensko] (established on 6 May 1994), whose aim is to reverse the unfavorable development and to renew the citizen's faith in the legislative and executive bodies. The New Slovakia movement acknowledges the basic principles of modern liberalism, founded on the inviolability of democratic values, and affirms an effective market economy that provides social guarantees. The movement will join the preelection campaign and is counting on getting into parliament. So far, it is represented in about half of the districts in the Slovak Republic.

Schmognerova Discusses Transformation Issues

AU1606194694 Bratislava NARODNA OBRODA in Slovak 13 Jun 94 pp 1-2

[Interview with Deputy Prime Minister Brigita Schmognerova "prepared by" Igor Zvach in Bratislava;

date not given: "Brigita Schmognerova, Deputy Prime Minister for the Economy, Discusses Transformation and Its Pitfalls in NARODNA OBRODA"]

[Text] When we organized an informal meeting in the editorial office last fall, to which, among other economic experts, we also invited Mrs. Brigita Schmognerova, we had no idea that the next time she visited NARODNA OBRODA she would be a deputy prime minister. As an economist, she is—what else?—deputy prime minister for the economy. How does she view current economic problems? We now offer you an abridged version of her answers to some of the many questions we literally showered upon her.

[NARODNA OBRODA] We ventured forth on the road of economic transformation virtually from one day to the next. First, the gung-ho system, then a certain sobering up, hesitation, and doubts—all the way to a slow down. Now it seems that there is again a certain speeding up. What does the present government intend to do, even though the period of its activity is curtailed by the date of the early elections, to ensure that transformation acquires an irreversible character?

[Schmognerova] First of all, I would like to say that this question is slightly hypothetical. Transformation is an existential necessity, and the outcome of the elections should not—I hope—change anything in this regard. The fact that the government can slow down or speed up transformation is another matter, and a responsible government cannot view a complicated process such as transformation merely from the point of view of time.

[NARODNA OBRODA] All right, let us be more specific—what now and what later?

[Schmognerova] First and foremost, it is necessary to realize that changing ownership is one of the basic tasks for transforming the economy. Privatization has become "stuck" and complicated recently. Now that the government has decided to speed up privatization by means of coupon privatization and standard methods, we may assume that the whole process will start moving again.

[NARODNA OBRODA] There was often talk about part-payment sales. What do you think of this option, for example?

[Schmognerova] Part-payment sales is one of the privatization methods. Does this really have a positive impact in our situation? Reality shows that it does not. The new owner often has trouble with paying the first installment, let alone all the others. Therefore, it is necessary to realize that it is more effective to sell to someone who is solvent. This does not mean that part-payment sales will not be implemented at all; they will not be given priority, however. The fact that a new owner is not always a good owner is another thing. For this reason, it is also necessary, for example, to consider that it would often be better to encourage the good managements of enterprises—for we do have them—so that they take part in ownership. It is necessary, for example, to reappraise managerial agreements and to motivate people, let us say, by guaranteeing them the option of purchasing shares in the event that the enterprise achieves good results. Incidentally, there are several of these places.

[NARODNA OBRODA] The problem of the dire financial situation facing many enterprises has become very pronounced—and not only recently. They frequently could do something and knew how to do it, but where is the money to come from?

[Schmognerova] We have somehow "inconspicuously" moved over to a different package of problems. Here also, however, it is necessary to ponder the issue over a longer time frame. In essence, I see a solution to the dire financial situation in the business sphere on two levels. First and foremost, in the business sphere itself, where so-called bad debts from the past prevail. Here it is necessary to find a mechanism for finally ridding these enterprises of these debts if they really know how to proceed next. We are looking for an effective mechanism. Nevertheless, it is already clear that no mechanism for clearing debts will help some enterprises. Following tough analyses, it is no longer possible to hesitate with liquidation. On the other hand, it is also necessary to improve the situation in the commercial banks. It is very difficult to get credit at the moment. The banks have considerable financial resources tied up in the enterprises, and they are not even granting credit for propitious projects. The cautious credit policy adopted by the National Bank of Slovakia, which was reacting to the unfavorable monetary development in the fourth quarter of 1993, is also one of the reasons for the shortage of credits.

[NARODNA OBRODA] Credit really is a special chapter. Do you see any possibility of improving the current situation?

[Schmognerova] I have already outlined it. On the one hand, by helping to resolve the financial situation in the business sphere and, on the other, by improving the portfolio of the commercial banks. It does not just involve this, however. If the banks were to continue to administer themselves, as many have done until now, we would not achieve much. It is also necessary to make improvements here.

[NARODNA OBRODA] Foreign credits have been discussed for quite some time, but there is still no significant change. Why?

[Schmognerova] Look, some people think that foreign organizations are hesitating, that they are waiting to see what happens in the elections. It is not like this, however. The negotiations with the IMF are coming to a head, and negotiations are under way with the World Bank on a standby loan and on credit for the financial restructuring of the enterprises and the banking sphere and so on. If these negotiations are successful, the way is open for other lines of credit.

Many potential creditors often ask me: Will you receive a standby loan? This will be an important signal for them that it is possible to have confidence in Slovakia. The fact that, despite the many loans already obtained, there is a problem in drawing on them is something else. There is a lack of good and propitious business projects. This should change.

[NARODNA OBRODA] As we are discussing the IMF and the World Bank, these institutions couple the provision of loans to compliance with specific recommendations. However, complying with some of them often provokes opposition...

[Schmognerova] It is necessary to admit that these financial institutions are not charitable organizations. Credits from them have advantageous repayment periods and interest rates, but the state that wants to obtain them has to prove that it will not fritter away the money, that it will use it effectively, and that it will guarantee its returnability.

[NARODNA OBRODA] However, the majority of the recommendations will not much improve the current situation of less solvent and averagely solvent citizens. And, some of the recommendations are not discussed much...

[Schmognerova] There is no reason not to talk about them. After all, the implementation of some of them is already being prepared—for example, increasing the state budget's revenue by means of a higher tax burden or cutting some subsidies.

[NARODNA OBRODA] This is the very subject of the increased criticism...

[Schmognerova] I really see no pressing reasons for this. Indeed, this involves categories of luxury goods and services. A mistake was made when certain items that are really not luxury items found their way onto the lists. The government will rectify this. However, it is necessary to add that we would have had to adopt these measures whether we wanted to conclude an agreement on a loan with the IMF or not. So, we were faced with a dilemma: either to adopt them, which would have been reflected in price increases of about 3.4 to 4.4 percent, and thus resolve the crisis situation in health care, education, and in providing child allowances, or not to adopt them and irresponsibly burden the budget with a further several dozen billion [korunas], which would have to have been paid in future years. Or—and this was also a possibility—to condone the total collapse of health care and education or get ourselves into a situation in which we would be unable to pay child allowances to the really needy. Here is just one example—why pay for some luxury cosmetic operations from the paltry resources for health care? After all, this is absurd.

[NARODNA OBRODA] And what about the issue of a later pension age or lower pensions?

[Schmognerova] You have opened a large and sensitive package of issues, so my answer will also require more space. This involves a series of social issues. I would begin by saying that, compared with the past, the IMF and the World Bank have altered their approach to us and, thus, also their method of negotiating. While at the beginning—a year ago—these institutions came to Slovakia with their proposals for an economic program on whose basis the negotiations were then held, the approach now is different. We have drawn up our analyses, we have proposed certain courses of action, and we have sought a concessionary and acceptable solution.

[NARODNA OBRODA] For example, then, the issue of later retirement?

[Schmognerova] It is a fact that, in Western countries, this limit is higher than in our country. For example, in some places it is 65 years, or even 67 years, for men. We have countered this argument, however, by explaining that these are countries with a higher average age, an age to which their inhabitants live. The situation in our country is, unfortunately, worse. Therefore, this issue was discussed, but the Slovak Government did not commit itself to any step. However, few people know that this commitment—raising the retirement age to 65—is written into the Memorandum on Economic Policy to obtain a so-called Economic Recovery Loan from the World Bank, which was signed in January 1994.

[NARODNA OBRODA] What about the social security net?

[Schmognerova] We simply cannot conceal the fact that our all-embracing and generous social security net (although this does not sound nice) does not encourage enough people to want to improve their situation through their own efforts. There are plenty of examples. It is often better for a person to be unemployed. We also allocate child allowances in an almost across-the-board manner, and often people who really do not need them receive them. We took, for example—let us admit it—a politically accommodating step [with regard to the trade unions] when we agreed to the formation of a social fund. But...

[NARODNA OBRODA] This "but" may be very significant when we realize that this fund is (likewise) a considerable incursion into the state coffers...

[Schmognerova] Certainly, although the concessionary solution is far from the burden of the original proposal from the trade unionists. It is, however, true that the inadequate targeting of social aid and the various additional squeezes on capital—such as the social fund—reduce the amount of what we can really use for those who need it most.

General on Role of Rapid Deployment Brigade

AU1606120994 Bratislava SME in Slovak
14 Jun 94 p 3

[TA SR report: "The Rapid Deployment Brigade Is Not Only for the United Nations's Needs"]

[Text] Bratislava—The Slovak Army has devised a different system for combat readiness and combat alert than under the former regime. At that time, "an enemy attack was expected every minute." This ensues from the current military-political situation within whose framework a so-called unexpected war in Europe can no longer break out. Therefore, even the Slovak Army's special battalion, intended to fulfill UN peacekeeping tasks, cannot be deployed without lengthy intergovernment negotiations and decisions. This statement was made by Defense Ministry State Secretary Major General Andrej Sabol.

He was reacting to a report published at the end of last week in the daily SLOVENSKA REPUBLIKA, which, in connection with the formation of a special unit intended for the UN's needs, stated: "Specifically, this means always keeping on alert at home a battalion of professional soldiers who have to be ready for immediate deployment." Gen. Sabol added, in this connection, that it should be the so-called rapid deployment brigade that is the best trained and ready for deployment anywhere on Slovak territory. He emphasized that it should not only be deployed for the Army's needs, but also, for example, in ecological or technological accidents. The special battalion may also be deployed for UN peacekeeping purposes; however, it is necessary to overcome several problems. These include mastering the English language, and the command system has to be compatible with that of the United Nations.

Possible Makeup of Future Government Viewed

AU1606164394 Budapest NEPSZAVA in Hungarian 16 Jun 94 pp 1,2

[Article by Anna Dano: "The New Government Is Almost Ready"]

[Text] After the agreement on political guarantees, personnel issues have also appeared on the agenda of the coalition talks. According to our information, contrary to previous promises, the Alliance of Free Democrats [SZDSZ] will only receive four ministerial positions: The Interior Ministry, the Cultural Ministry, and the newly established ministry in charge of issues of infrastructure seem to be certain; negotiations are still going on regarding the Justice Ministry. The political state secretaries will probably emerge from the party that provides the minister too, but the other party can nominate the chairmen of parliamentary committees. Alajos Dornbach will probably be the chairman of the Parliament.

After agreeing on the political guarantees of the future coalition, the issue of distributing the ministerial positions, including the personnel decisions, can no longer be delayed. Although after winning the elections, the Socialists said that, as a gesture toward their coalition partners, they will not divide up the ministries according to the number of mandates but will give 40 percent of them to the liberals (at least five ministries), no one mentions this anymore. According to our latest information, the SZDSZ can count on four ministerial positions at most, and only one of them is a really strong position.

The fact that Gyula Horn will be the prime minister has been clear for quite some time. After the leading players of international politics and the big capital recognized the victory of the chairman of the Hungarian Socialist Party [MSZP] with a spectacular gesture, the SZDSZ is forced to forget about Balint Magyar's statement that there will be no coalition under Gyula Horn's premiership, a statement confirmed by the executive body. This, as well as the position that it would be a mistake to restore the institution of minister without portfolio, something that would also require the modification of the Constitution, designed the place of Gabor Kuncze, who was professionally "sold" in the course of the campaign, as head of the Interior Ministry. The only problem here is that Gabor Kuncze is an economist, and not a legal expert.

The fate of the head of the Foreign Ministry is also most probably decided. Istvan Szent-Ivanyi, the travelling ambassador of the liberals, could not even be considered, so this position will most probably go to Laszlo Kovacs, the former MSZP head of the Parliament's Foreign Affairs Committee.

According to the rumors, Laszlo Bekesi will become the head of the Finance Ministry. This shows some contradiction, because if the Bekesi-program is the basis of the common government program, then Bekesi should lead the economic top ministry. And the Finance Ministry can hardly be this top ministry if, along with it, a centralized ministry will deal with the economy, a top ministry that will incorporate the current Industry Ministry, the Ministry of International Economic Relations, and the National Technological Development Committee. The privatization issue could also be incorporated here, namely the National Property Agency.

The debate is still going on on whether to also incorporate the Treasury Property Management Organization into all this. The MSZP supports the idea, but the SZDSZ opposes it. There is not yet a sure candidate for this mammoth ministry but, according to our information, the MSZP would prefer Laszlo Pal in this position, but he still lacks the support of the liberals.

The Justice Ministry is the other critical point. The SZDSZ candidate is Peter Hack, but the MSZP would also like to see their own man in this position, and Pal Vastagh is the person considered for this position. According to the current state of affairs, the MSZP seems to win the debate. The fate of this ministry can be important, all the more so because both parties came up with the proposal to eliminate the position of minister without portfolio in charge of the intelligence services. In that case, the civil intelligence services could only get under the control of the Interior Ministry or the Justice Ministry. However, the former could bring bad memories because of the Danube-gate scandal. If the Justice Ministry gets it, the person who gets this will obtain two ministry seats simultaneously. It is true that MSZP Deputy Chairman Ferenc Baja has also been considered for supervising the Intelligence Services, but the SZDSZ does not support his nomination. SZDSZ's Andrea Szolnoki ran for the position of welfare minister, but it is almost a fact that MSZP's Pal Kovacs will get this position. The idea of transferring social policy issues from the Welfare Ministry to the Labor Affairs Ministry seems to be fizzling away. Mrs. Kosa Magda Kovacs is the plausible candidate to head the Labor Affairs Ministry.

There is full understanding regarding the Culture Ministry: Both parties support the nomination of Gabor Fodor, who changed places from the Federation of Young Democrats [Fidesz] to the SZDSZ.

The position of MSZP's Laszlo Lakos as head of the Agricultural Ministry seems to be similarly sure.

There is not yet any agreement on the fate of the Defense Ministry. It will probably also remain under the control of the MSZP. Gyorgy Keleti has repeatedly been mentioned as a possible candidate. The same applies to the issue of environmental protection.

The parties also discussed establishing two new ministries. One would be in charge of issues connected with European integration; the other would deal with matters of infrastructure (transport, urban development, investments, the world expo). The latter should go to the liberals, but there is not yet a concrete candidate.

The MSZP is also urging the establishment of a third ministry, or more precisely a position of minister without portfolio. This would deal with national minority issues. Their candidate is Csaba Tabajdi, but the SZDSZ supports neither the position nor the candidate.

The delegations have already agreed that the head of every ministry can also bring the political state secretary with him. To counterbalance the expected two-thirds MSZP advantage, Gyula Horn and his party offered the position of head of the relevant parliamentary committee to the representative of the other party. There will also be some counterbalance if Alajos Dornbach receives the position of parliament chairman.

There is also agreement on the candidate for the National Bank chairman. Both parties would welcome Gyorgy Suranyi in this position.

Coalition Government To Have 12 Ministries

LD1606191794 Budapest Kossuth Radio Network in Hungarian 1600 GMT 16 Jun 94

[Text] The MSZP [Hungarian Socialist Party] and SZDSZ [Alliance of Free Democrats] have agreed that under the coalition government there will be 12 ministries. The ministerial posts and the posts of political and administrative state secretaries will be filled on a professional basis. Judit Laszlo reports on the governmental committee session.

[Laszlo] The two parties do not wish to amend the Constitution in order to transform the government, but the law on ministries will require correction, said Imre Szekeres, the committee's Socialist cochairman, at the end of the discussions.

He added: The work of the new government will require 12 portfolios. Therefore, the Ministry of Industry and the Ministry of International Economic Relations will be amalgamated.

The new government will have to decide which organizations of national jurisdiction it will want. Until then they will come under ministerial supervision, said Imre Szekeres, who spoke about other decisions as well:

[Begin Szekeres recording] We agreed that the internal structure of the ministries will not change; that is the 1990 decision, namely the separation of the political and professional tasks, will remain in force. In other words, political state secretaries will remain, whose first tasks will be deputizing for the minister and a liaison role with parliament.

For the time being we have left it in the balance whether to change the name. There are two possible standpoints; I think that there is no dispute between us on this point; both are acceptable. What we must look at is which one represents less of a change, a change either of a legal or financial nature, if we alter the name.

We have agreed not to alter the ministries' internal structure insofar as the professional work will be coordinated by an administrative state secretary, one administrative state secretary. However, we will propose that the number of deputy state secretaries should be determined in accordance with the tasks and not according to a general rule. In other words, that there should not be five deputy state secretaries everywhere where that number is not actually needed. [end recording]

[Laszlo] The two parties are agreed that the majority of the minister without portfolio posts are not needed. There is a debate about the post of minister without portfolio in charge of national security. This topic will come before the plenary coalition session on Friday [17 June], as will the tasks of the various ministries, said Gabor Kuncze, the committee's SZDSZ cochairman.

The politicians were agreed that one and the same party should provide the minister and the political state secretary for a given portfolio, but that one or two exceptions are possible. To this Imre Szekeres added: The important thing is that both the minister and the political state secretary should be experts, and if one of the parties can recommend a more qualified candidate, it is conceivable that in exceptional cases the minister and the political state secretary would belong to different parties.

In answer to a question, Imre Szekeres said: If nominated, he would accept the post of SZDSZ parliamentary group leader.

NSO Officials View Parliament Bomb Incident

AU1606113994 Budapest NEPSZABADSAG in Hungarian 15 Jun 94 pp 1, 7

[Unattributed interview with two unidentified officials of the National Security Office; place and date not given: "Who Sent the Terrorists to Parliament?"]

[Text] The police and the National Security Office [NSO] are working with their entire apparatus to investigate the bombing at the Parliament building. The two organizations are cooperating closely. We interviewed two high-ranking officials of the National Security Office, who do not wish their names to be revealed. They asked for our understanding because, in the course of investigating such affairs, there are always moments that cannot be made public. We first asked them to deal with the speculation here and abroad.

[NEPSZABADSAG] Is it possible that an international terrorist organization is behind this bombing at the parliament?

[Official] Like other versions, this is not impossible. However, these organizations generally declare themselves after the event or immediately beforehand. In other words, they "claim responsibility." No such signal has arrived in this case.

[NEPSZABADSAG] Do you consider it possible that a domestic extremist organization is behind it?

[Official] One cannot exclude this possibility, but there is no tradition of such a thing in Hungary. The fact that Parliament is also the symbol of our national past and history speaks against this possibility. Most known extremist organizations we can think of in this respect stress their national roots, and this does not seem to be compatible with an action against this historical site of our statehood.

[NEPSZABADSAG] There are autonomous forces operating beyond our southern borders, forces that are not under state control. Threats against Hungarians in Vojvodina have also been mentioned in the press. There are rumors about the possibility of such organizations extending their operations beyond their own borders. Could all this be connected with the explosion?

[Official] I do not know your sources of information. Consequently, I do not want to comment at all on what you have just said. I repeat: We will investigate every possibility. We will not leave out any possibility.

[NEPSZABADSAG] Including the possibility that this action could somehow be connected with Magda Marinko's affair?

[Official] I am sorry that I have to repeat: We will not leave out any possibility. Not even such a possibility. Nor the possibility that a "lone wolf" or a crazy man carried out the bombing.

[NEPSZABADSAG] You saw the location. What would you add to the descriptions that appeared in the press?

[Official] The fact that the front of Gate No. 19 was protected by a fence; at the same time, this is a building area. The attacker had to get over the fence, but this was probably not difficult because there were holes in the fence. A man of average physical condition could reach the gate from the Danube, place the bomb, and disappear in 3-4 minutes. If we take into account the approximately 6 minutes between two appearances of the guard in this area, the bomber had enough time.

[NEPSZABADSAG] In other words, a single person could have done it.

[Unnamed official] It is not impossible. It is another matter that, in such cases, there is preliminary surveillance of the guards' movements and the placement of the television cameras, and there could be accomplices to choose the location and provide accommodation. However, with exact knowledge of the specifics of the location, a single person and 3-4 minutes would be enough.

[NEPSZABADSAG] Is the bomb found at Parliament a "relative" of the one in Szeged?

[Official] Yes, but I would entrust my colleagues with the details.

[NEPSZABADSAG] You have been on location since early morning. What did you do?

[Official] We cooperated closely with the police bomb disposal experts. We collected everything that remained from the explosive device. Everything goes to the lab. It is tedious work, but it is worth it. The location and what remains there tell a lot even about the most sophisticated bomb.

[NEPSZABADSAG] What did you find?

[Official] We found many pieces of a green-colored plastic, presumably pieces of a soap-holder-type box which held the alarm-watch-type timing device. There must have been somewhat less than one kilogram of TNT in the bomb.

[NEPSZABADSAG] Is this a lot or little? What if this amount explodes on or in a car for example?

[Official] It is a strong bomb that would kill all the passengers and destroy the car completely.

[NEPSZABADSAG] How big could this bomb be?

[Official] Altogether not bigger than 20x15 cm. It could comfortably be placed in a shopping bag.

[NEPSZABADSAG] In what range can the timing device be set? Could you reconstruct the bomb?

[Official] The explosion can be set from 15 minutes to 26 hours. Theoretically, it can also be set for a shorter time than 15 minutes, but if the time span is too short, it could also endanger the terrorist himself. Of course, we cannot say when the device was set before the explosion. Not only can we reconstruct the bomb but, thanks to what the bomb disposal experts have collected, we can see the exact model. Everything on this model is identical with this bomb before it went off.

[NEPSZABADSAG] In connection with the bomb in Szeged, your colleague said only that it was a "relative" of the bomb that exploded at the Parliament.

[Official] If I may use the term here, I would say it was its little brother. We tested its power by analyzing the deformations on the pillar. The result: We are talking here about the same device, the same mechanical timing device, the same bomb, only with half the amount of explosive material.

[NEPSZABADSAG] In other words, it could be the same perpetrator. Is it possible that he is preparing for a third attack?

[Official] We cannot answer this question. Together with our police colleagues, we are working to discover and arrest the perpetrator or perpetrators....

TV Chairman Issues Statement on Media Future

LD1606190694 Budapest MTV Television Network in Hungarian 1730 GMT 16 Jun 94

[Text] Gabor Nahlik, deputy chairman of Hungarian Television, following yesterday's six-party discussions about the future of Hungarian radio and television, today issued the following statement:

In response to the 15 June announcement by Prime Minister Peter Boross, I am glad that the appointment and relief of the leaders of Hungarian Television will be the result of a six-party agreement. I consider it natural that the next leader of Hungarian Television should take over after a thorough economic and legal examination. I am at the disposal of any of the examining organizations.
Budapest, 16 June 1994
Signed: Dr. Gabor Nahlik, deputy chairman of Hungarian Television

Foreign Trade Balance Continues To Deteriorate

AU1606153494 Budapest NEPSZABADSAG in Hungarian 16 Jun 94 p 6

[Unattributed report: "Deteriorating Foreign Trade Balance"]

[Text] The foreign trade balance continued to deteriorate in the first three months of the year: While exports increased by 25 percent, imports exceeded the level registered in the first quarter of 1993 by 30 percent, the Central Statistical Office [KSH] reported.

The decline of exports was the most visible characteristic of foreign trade in 1993 which resulted in a spectacular deterioration of the trade balance. In 1993, exports were 13 percent lower than a year before. The reduction was typical mainly in the sales to market economy countries. Within this, Hungarian exports to the countries of the European Union (EU) decreased by 18 percent.

In 1993, the amount of imported goods increased by almost 21 percent. Of this, 12 percent more goods arrived from the market economies and 49 percent more from transforming [atalakulo] countries. The latter was mainly in connection with on-off deliveries like MiG airplanes or the repair of Lithuanian airplanes. As a result, the import of machinery and transport vehicles from these countries increased almost sevenfold.

The volume of imports exceeded the previous year in all main product groups. In addition to significantly increased machinery import, the import of consumer industrial goods from the transforming countries and foodstuffs from the market economies increased the most, by 66 and 18 percent respectively.

The KSH detected further deterioration in the first quarter of 1994. While exports calculated at current prices increased by 25 percent, imports exceeded the level of the same period last year by 30.8 percent. A little over half of the balance deterioration arose in trade with the market economies, mainly with EU member states.

Construction of Temporary Nuclear Storage

AU1606161994 Budapest NEPSZABADSAG in Hungarian 16 Jun 94 p 5

[Correspondent's report: "Temporary Nuclear Burial Site at Paks"]

[Text] An agreement has been reached between the Paks Nuclear Power Station Rt. and the Paks local government on the site for temporary storage of burnt-out heating elements. On 15 June, a news conference was held at Paks Town Hall on the results of the public opinion poll preceding the decision and the conditions of the agreement.

As we have already reported, the construction of a storage place was made necessary by the fact that Russia accepted the heating elements in the past and is now showing reluctance to accepting further deliveries of radiating waste.

Mayor Imre Bor said that the local government wanted to represent the population's interests all along; this is the reason they carried out a public opinion poll before making the final decision. This demonstrated that, with adequate guarantees, 56 percent of the town's population accept the construction of the storage place; only 39 percent oppose it. This removed the last obstacle to reaching an agreement between the power station and the local government.

In addition to the guarantees, the agreement also provides 130 million forints to the local government which can, among other things, be used for individual electric power allowances, based on need. The storage facility will be built in the vicinity of the power station.

Interview With Prime Minister Pawlak

LD1706092394 Warsaw TVP Television First Program Network in Polish 2045 GMT 16 Jun 94

[Studio interview with Prime Minister Waldemar Pawlak by unidentified program announcer; relayed by Warsaw TV Polonia Network in Polish—live]

[Text] Good evening, ladies and gentlemen. Just as it did a week ago, today's "Bilans" program is going out live. Our guest then was Professor Grzegorz Kolodko, deputy prime minister and minister of finance. Today, on the other hand, we have Waldemar Pawlak, chairman of the Council of Ministers, in the studio.

Almost nine months have passed since Prime Minister Pawlak's cabinet was formed. We are now in the middle of 1994, and it is therefore time for a summing up. We would like to do this on the basis of two documents. The first is the prime minister's report, given on 8 November of last year. The second is the "Strategy for Poland," the government's program up to 1997.

Prime Minister, let us recall your Sejm report. You stated then that the struggle with unemployment is among the government's highest priority tasks. Unemployment has fallen but only insignificantly, and the prospects are not too encouraging because it is estimated in the "Strategy for Poland" that, in three years' time, more than 2.5 million Poles will be without work.

[Pawlak] Indeed, unemployment is a very serious social problem, a problem for the entire state. I think that not all of us are aware of the scale of this problem. We have a situation where, if we take all of those who do not have work and those who take retirement and annuity payments, and, on the other hand, those who do work, we get proportions that are in practice one to one. So, this shows how difficult it is to actively overcome this very troublesome phenomenon.

I would like to very clearly stress that the problem of unemployment and of reducing the scale of unemployment, reducing the number of unemployed, has two very important aspects. On the one hand, the creation of new jobs and the reduction of that number of unemployed and, on the other, the need for the labor market to absorb young people who have finished their schooling. And it must be said that, over these three years, Poland's population will increase by about 600,000 people. And so, limiting unemployment does not only mean reducing this number, but also absorbing this population growth. That is, around 1.5 million new jobs must be created by the year 2001 so that unemployment does not grow. And this shows what a serious phenomenon this is.

[Announcer] So, we must come to terms with the fact that, nevertheless, 2.5 million Poles will be without employment in the year 1997?

[Pawlak] I think that if things go well, if economic processes run well, this scale of unemployment may be smaller. As you know, from the point of view of these processes that we are having to deal with, this is quite difficult because, on the one hand, we have the stabilization of the national economy, the limitation of these economic factors, and of inflation in particular, and, on the other, the need for the creation of jobs. And we wish to draw attention, along this road, to the investment-friendly character of our program, to the creation of new jobs, the close association of modernization programs with the local situation on the labor markets.

An active approach to issues of unemployment is very important, as is the promotion of industries and activities that will absorb a large amount of labor. We need not immediately take the most modern technologies in every area. It is worth recalling here an old anecdote of [Henry] Ford's, who, when asked whether he was a supporter or an opponent of automation, said that he was an opponent because a robot would not buy a car from him. And I think it is worth remembering this.

[Announcer] Prime Minister, unemployment is also associated with the countryside and with agriculture. I will quote two figures: 27 percent of the professionally active [population] produces 7 percent of the gross national product or of the national income, let us say. It is clear that this relationship must change. What proposal do you have, not so much for agriculture as for the countryside? The countryside, as is well known, suffers from underinvestment. It stands civilizationally much below the cities. There is quite simply an awful lot of work to do there.

[Pawlak] Our approach to the issues of the countryside is significantly broader than merely the problems of agriculture and employment in agriculture. And this is how these matters are conceived by one of the key programs of the "Strategy for Poland," the very title of which indicates the essence of this approach. The point is the development of rural areas.

[Announcer] But Prime Minister, at the same time—I am sorry to interrupt—but, at the same time, the Strategy [for Poland] includes the clause that the amount of cheap credit for agriculture will be significantly, must be, successively limited, while cheap credits for agriculture were the basis of the Polish Peasant Party's election campaign.

[Pawlak] Not only theirs.

[Announcer] Among others.

[Pawlak] Well, all right. This is....

[Announcer, interrupting] [words indistinct]

[Pawlak] Let me just say a little. I wish to show that our concern is that we look at the countryside not just as agriculture but, above all, as the place where 38 percent of the population of Poland lives and where people work in many and various spheres: in the agricultural infrastructure, in [agricultural] processing, in services and trade. And we draw attention to the renewal of the countryside and the multifunctional development of the

countryside as this basic goal, in order to create realistic possibilities for the attainment of incomes alongside [those from] agriculture. This is so that we can look to the future and not to the past and what took place in other countries tens of years ago. Development of the infrastructure—telephones, water mains, roads, gas—is very important. This conditions the possibility of the creation of many modern enterprises. Already today we have very specific examples. There is a very modern (?syringe) factory near Lomza, computers are produced near Nowy Sacz. There are often specific, local opportunities that people are capable of exploiting marvellously. An example that I recently had the opportunity to familiarize myself with very closely, as well as with the evolution of the [associated] milieu, is Swarzedz [in western Poland], which is showing itself capable of very ambitiously and quickly adapting this local specificity to the current needs of the market. These examples demonstrate that the countryside must be treated differently, and, from the point of view of the prospects for development in other countries, as well, the developing countries, where there is a trend toward returning to living outside the great urban agglomerations.

I do not think this present situation is a burden for us but a chance—that is, if we can make use of it.

[Announcer] Summing up, Mr. Prime Minister, let us us talk about agriculture for a moment. Will Polish agriculture become relatively competitive with, for example, West European agriculture, before the end of the century?

[Pawlak] It is already competitive, and Europe is very much afraid of our agriculture. For example, there are certain actions that hinder the availability of our agricultural products, especially fruit and vegetables, on European markets.

[Announcer] But, Mr. Prime Minister, we have also introduced a surtax.

[Pawlak] Yes, but you know well that the European Union has had such charges for decades. So, we are not always following with our solutions in such a way that we end up with comparable tools for such comparable competition, giving our producers the same chances. [sentence as heard]

Recently, yesterday I think, the Council of Ministers' economic committee discussed a program for the development of agriculture up to the year 2000. And this is, as it were, another level for those programmatic proposals we have been putting forward. A strategy is a general program showing general directions. On the other hand, the Agriculture Ministry has already put forward detailed solutions concerning that part of the economy.

[Announcer] Mr. Prime Minister, I know that agriculture and rural affairs are very close to your heart, but let us talk about the "Strategy for Poland." There are certain basic indicators that are very optimistic. For example, the growth of the GNP by over 20 percent, a fall in inflation in 1997 to 9 percent, are forecast there. At the same time, there is talk of reducing taxes, about increases in subsidies for culture, education, health. Do you not think that such an excess of these just objectives is at variance with the realities? In other words, is the "Strategy for Poland" a realistic program?

[Pawlak] I think it is very much a realistic program. The structure of this program is a directional one, showing the main objectives, conditions, main objectives, resources, threats, and implementation criteria. And we wish to discuss these objectives thoroughly with various groups so that there is agreement as far as the aims are concerned. And, as far as resources are concerned, we have to be very flexible under the circumstances and life force of our flexible approach, so that these aims can be within reach. It is also important that we know the major threats because then we can effectively reach our objectives, on the other hand....

[Announcer, interrupting] Such as, for example, the lack of social peace and strikes, Mr. Prime Minister?

[Pawlak continues] On the other hand, implementation criteria are also included there, which allow us to assess whether and how fast we are approaching these objectives.

[Announcer] But aren't you afraid that that very lack of social peace, the strikes we have at present, will make it impossible to implement the program? And the second matter, the issue of strikes. You said yesterday that the latest strikes in the steel industry were being inspired from the outside. Please excuse me, but this reminds me of rhetoric from the past.

[Pawlak] Oh no, no. This is an old trick that can still be found in today's "Wiadomosci" [television newscast], that this is not information but interpretation. I did not say it, and this can be easily checked. It was just a coincidence that problems with the sale of steel on European markets happened at the same time as strikes in our steel industry, and this is where we are scoring an own goal, I am sure. This is irrespective of intentions and is unequivocal because, in such a situation, we are losing out to the competition.

[Announcer] We are into the last 40 seconds. And [there is] a very important issue, the issue of local government. This area is the most criticized.

[Pawlak] I wish to stress very clearly that the government has decided on broad cooperation with and support for local government, and in such a way that the local governments will be able to effectively implement their tasks. The point here is, above all, not to centrally transfer responsibility to local governments without the resources that will later safeguard the correct implementation of these tasks. We have had such a phenomenon in the case of education, and we have put the case very clearly. Those parishes [gminy] that make the decisions, that adopt resolutions, can take over schools. If the country's situation improves, I think it will be possible to

much more easily and effectively pass on an ever wider range of tasks to the local governments, together with the resources for this. What happens when these tasks are entrusted without resources can be seen from the example of, for instance, the handover of certain tasks in the communal economy, the generation of thermal-energy, for instance.

And I think there is one more issue associated with these structural transformations.

[Announcer, interrupting] We must end.

[Pawlak] This is just one sentence. The point is that it is often said that we again need a district [powiat] level of administration. I do not think that, for the time being, we are in so hopeless a situation as to have to reach for a third layer—that is, to carry out a reorganization. It is worth considering the exploitation of the potential that exists already—for instance, the handover of wider entitlements, especially in the sphere of voivodship budgets for voivodship local assemblies [sejmiki], so that they, together with the voivoda, are able to create significantly better solutions and economically exploit those opportunities that are available at the local level, at the voivodship level.

[Announcer] Thank you very much, Prime Minister. We have run out of time.

Pawlak on Strikes, 'Strategy,' SLD

WS1706101594 Warsaw Radio Zet in Polish 0615 GMT 17 Jun 94

[Interview with Prime Minister Waldemar Pawlak by Andrzej Woyciechowski at the Radio Zet studio in Warsaw on the "Guest of Radio Zet" program—live]

[Text] [Woyciechowski] Radio Zet's guest today is Prime Minister Waldemar Pawlak. Good morning to you, Sir.

[Pawlak] Good morning, ladies and gentlemen.

[Woyciechowski] What is your assessment of the first nine months of your term as prime minister? Are you satisfied, happy, or tired?

[Pawlak] The first months were spent working on the budget, and, as everybody knows, the budget solves a whole range of issues but not all of them. So now, after this period, now that we have reached midyear, we are presenting the "Strategy for Poland" program, which is oriented toward the future, primarily the next three years, but, on many issues, the program stretches out much further into the future. I think that demonstrates the entire dynamics of the government's proceedings. If we take some specific issues—I mean issues that especially affect those people whose lots were the most difficult in the recent time period—one must say that, effective 1 January, there was a valorization and an increase in the minimum retirement pensions and other kinds of pensions, whereas, effective 1 June, a second valorization was carried out, which was quite substantial. The same applies to salary increases in the budget sector and in the production and industrial area. We have been witnessing a very positive phenomenon of an increase in production, which this time around is a result of our work and our capital potential, as well as of foreign investments. The increase is definitely not the result of governmental credits or of administrative involvement in the economy. This is great cause for joy because it creates a stable basis for optimism.

[Woyciechowski] But what about you personally, Mr. Prime Minister? Are you happy, are you satisfied? I mean you yourself, personally. Or, maybe, is the situation not quite what it was supposed to be?

[Pawlak] Personally, I am a bit tired because the tempo has really been very fast, and one must watch oneself the whole time so as not to lose pace and [hesitating] to keep up with the rate of events we have to solve. I think that, apart from long-term issues, there is a whole list of issues that are of an immediate nature, there are obstacles and problems—these constitute a permanent aspect of operating on this level. This applies to a wide variety of issues, and I think that....

[Woyciechowski, interrupting] When you say immediate problems, you must certainly also mean the strikes in the metallurgy industry that are now taking place. Yesterday and the day before that, you said something that caused some big excitement, especially among the Western press—namely, you said that, in your view, the strikes are caused by foreign factors. What did you mean? Did you mean that....

[Pawlak] You know, this is exactly the difference between information and interpretation. I did not talk about such foreign connections. All I said was that it is an extraordinarily amazing coincidence, and, if reporters could only prove that I really meant something more than that, I think it would be very interesting. But such interpretations are a little too farfetched. It is beyond dispute that, as far as the world market goes, and especially the European market, there are big surpluses in steel production....

[Woyciechowski, interrupting] In other words, it may be in the interest of somebody out there for Poland to be going through these strikes?

[Pawlak] I would put it in different terms: Others are very happy to see the strikes in our country because thanks to them they can sell their products with greater peace of mind, they have jobs, employment, salaries, and incomes guaranteed for them—for both employees and owners of steelworks.

[Woyciechowski] So, if my understanding is correct, what you did is appeal to the sense of patriotism rather than accuse imperialism of conducting strikes in Poland?

[Pawlak] You know, I can see you are going back to some notions from the previous era in Poland, and that is

amazing to me. But, first of all, one must keep in mind that, in any game, it is mighty important not to score in your own goal, and, when it comes to the issue of the strikes, we are scoring quite effectively not once but several times in our own goal, and we thus give up on the rest of the game. As far as the resolution of such disputes or conflicts is concerned, it is definitely easier to solve those disputes when there is a lot of emotion involved, rather than with tough and concrete negotiations. Such an agreement was indeed concluded at the Katowice Steelworks. It also included salary raises, and it was signed by all of the trade unions except the one that initiated the strike in the first place, but it had relatively few members in the steelworks....

[Woyciechowski, interrupting] You mean the August '80 trade union?

[Pawlak] Exactly. What is also interesting is that, a few weeks before that, the steelworks obtained guarantees for a major modernization investment concerning a continuous steel production unit and....

[Woyciechowski, interrupting] But it can almost be concluded from what you are saying that this is indeed a political strike and that somebody wanted to spite the government and the coalition.

[Pawlak] You know, the situation there was very weird because, apart from all the seriousness and....[pauses] What is a difficult situation down there, there are some aspects that are quite amusing: In the steelworks, which is an enterprise for which these people have been working for many long years, there is this very amazing situation where the steelworks' management is in one building, there is a protest committee in another building, and there is Sejm Deputy Zajac of the Democratic Left Alliance [SLD] shuttling as an envoy between these two serious institutions. This looks quite amusing. It is as if the parties involved could not find a way of communicating with one another. After all, given that they fail to come to an agreement at the level of the steelwork, what could be the use of an outside observer or mediator? After all, these are issues related to the metallurgic industry and of the particular enterprise in question. The point on the one hand is not to lead the steelworks into ruin, and, on the other, to secure the possibilities of obtaining higher incomes for the people. Last year, the steelworks achieved an overall positive financial outcome, which is very important and very positive after a few years of quite difficult times. But now the steelworks are getting in trouble on their own request.

[Woyciechowski] How will this all end? Will you decide to close down the Katowice Steelworks if they continue to lead themselves into bankruptcy?

[Pawlak] Remember that there is no central management anymore....

[Woyciechowski, interrupting] It is not up to you to close the steelworks down?

[Pawlak] The people down there are really building a future for them on their own, and they themselves are creating the conditions for the enterprise to either score success or to lose on the market and drop out of the race.

[Woyciechowski] Concerning Kolodko's "Strategy": Do you already know at this stage, or do you understand why the opposition walked out of the Sejm hall?

[Pawlak] Well, I cannot possibly imagine what the reasons could have been because, as I recall my parliamentary experiences, there were different types of times. There were times when we were up against the wall, or even high up the wall, but we never tried to leave the Sejm hall altogether. Well, that is....

[Woyciechowski, interrupting] You mean SLD members walked out, but members of the Polish Peasant Party [PSL] have never walked out? Or has it happened at any time in the past?

[Pawlak] No, PSL members have never walked out of the Sejm hall. Perhaps our situation was a bit more fortunate because there have not been speeches that would be so sharp and addressed to us. But that....[Pawlak pauses] As far as issues such as governmental programs, budget laws, and other similar debates are concerned, even though they were hard for us at times, we tried to participate to the best of our ability and to influence either modification or changes, or we voted against when we could not have counted on changes, but this is tough work that must be done, and the absent simply do not count. It is important for us to be able to concentrate on issues we have to face. Regardless of these different maneuvers in the Sejm hall, the issues remain to be resolved, anyway, and one must simply address them eventually.

[Woyciechowski] Was there a small element of an election campaign in the decision to present the "Strategy for Poland," which was made right before the elections? Or was it just a coincidence?

[Pawlak] Partially it was a coincidence; if my memory serves me well, the elections were supposed to be held on about 29 May. However, the Sejm obliged us in the budget law....[Pawlak pauses] The resolution adopted when the budget was passed obliged us to present a long-term strategy in June. Thus, we simply followed the Sejm's order; we wanted to present a prospect for several years; primarily, we wanted to put the coalition's decisions and agreements in a compact form, which would deal with the main issues, the main problems that the state and the society are facing. The activities of the government or of several high-ranking state officials are not enough to put this strategy into effect; what is needed is the work and activity of many different milieus. Therefore, we are counting on a good substantive discussion in this area, as well as on activeness in the practical implementation of this strategy.

[Woyciechowski] What do you think of the statement by Primate Jozef Glemp? When he was commenting on the

decision by the Sejm concerning abortion, he said that the Sejm was born at a time of the state's sickness, and today such a fetus within the state is not healthy. You never commented on this in public.

[Pawlak] And I do not intend to. This happens to be an area where you journalists can show off, and I am not going to do the journalists'job here.

[Woyciechowski] Sejm Speaker Oleksy protested because he interpreted the primate's comment as a statement referring to himself and the SLD. Do you think the cardinal also meant the PSL, and is that why you have not commented on that?

[Pawlak] Well, you know, let us allow those to whom statements are addressed to deal with them. Every person who listens to such statements, who analyzes such situations, should evaluate this issue himself. I am not going to comment on statements made by others; everyone has his own opinion, and I think the listeners can form their own opinions also. Such issues are often decided in the people's own conscience and in the behavior of each of us. There are great differences, depending on people's individual value systems. Let us leave this to the people. Let us allow everyone to evaluate this situation... [Pawlak pauses] Because I think it all concerns the situation that developed in the Sejm, and not just this particular statement. Let us allow everyone to evaluate whether the issue is so important that the Criminal Code should be applied or that we should rather speak about education and schools because this is where the key to resolving this issue lies, not in the Criminal Code.

[Woyciechowski] Do you think the problem of abortion may have political consequences? Can it, as some people say, result in the weakening of the coalition and in its disintegration?

[Pawlak] I do not think so. It is stated clearly in the PSL regulations that issues concerning conscience and belief cannot be a subject of political discipline....

[Woyciechowski, interrupting] That means that every Sejm deputy will vote just as he thinks?

[Pawlak] Just as his conscience tells him to vote.

[Woyciechowski] Now, what about the concordat? Is the concordat an issue that may weaken the coalition? Can this bring about any negative effects?

[Pawlak] I do not think so. However, this issue is entirely different. It is not a problem of detailed legal solutions concerning the internal law. It is an international treaty. I can only say that recently we have had far more treaties that entailed much more serious consequences, especially economic consequences, than the concordat.

Now, if the issue of the concordat is approached in a very substantive and precise way, many doubts can be dispelled. The discussion that has been held within the government has allowed us to submit it to the Sejm for ratification—with no objections. I hope that the debate we will witness in the Sejm will be based on a serious and substantive analysis; there is no room for emotions or for simple political gamesmanship. Now, from the viewpoint of broader and long-term interests, I think we must correct all of the mistakes resulting from a certain haste when the concordat was being signed. However, this can be done in an atmosphere of peace and responsibility.

[Woyciechowski] Mistakes were made by the Suchocka Cabinet, if I understood you correctly. In other words, the coalition is doing fine. You do not fear a conflict within the coalition.

[Pawlak] Well, I do not fear a conflict; however, I do not deny that there will be various issues that will give rise to heated and serious discussions in the coalition. This is because we are not going to sacrifice our views simply not to step out of line or to achieve unanimity. We will have serious discussions concerning which solutions are best. I believe this will help us avoid making mistakes. In this respect, the coalition is rather dynamic. There are various issues: In some, our views are quite similar; however, there are also issues in which we must try to work out a compromise; there are also issues where we respect each other's uniqueness and independence, and we are not going to change each other in this area. We believe that, in those issues, both parties have the right to maintain their subjectivity and identity.

[Woyciechowski] Is there now any conflict with Kwasniewski? The press was full of articles about it some time ago.

[Pawlak] I do not really know. That is, you know, if a topic must be supplied, we can have a quarrel with Kwasniewski about some important issue to make....

[Woyciechowski, interrupting] To help newspapers increase their circulation?

[Pawlak] To make it credible. We can do something like that; I believe that Mr. Kwasniewski will agree on such a solution. However, as I have said, there are issues where we differ, but there are also areas where our views are similar. If we take a look at the coalition agreement, it includes various issues that have been agreed upon. I believe that this is the foundation for the coalition's activities.

[Woyciechowski] You are speaking about it with great self-assurance. This must mean that you are certain this coalition will survive at least three years.

[Pawlak] I have....[Pawlak pauses] I hope we will be able to consistently implement the tasks we have taken on; time is an important factor here that allows us to stabilize the situation and to resolve a number of problems.

[Woyciechowski] What is going to happen in a year and a half, when the presidential elections are held? It is already known that the list of candidates for president

will include Lech Walesa. There will also be either Kwasniewski or Oleksy. Will the name of Pawlak be on the list?

[Pawlak] I think we have many good candidates in the PSL. Therefore, a slightly different solution will be implemented. My colleagues will be able to prove themselves.

[Woyciechowski] That means that the PSL will field a candidate?

[Pawlak] It certainly will.

[Woyciechowski] Thank you very much for the interview.

[Pawlak] Thank you.

Employers Meet Pawlak, Praise 'Strategy'

WS1706143494 Warsaw ZYCIE WARSZAWY in Polish 17 Jun 94 p 9

[Article by Bogdan Mozdzynski: "Employers in Favor of 'Strategy'"]

[Text] *Employers say that it will not be possible to implement the goals of the "Strategy for Poland," which they think are correct, without their participation.*

Representatives of 42 organizations that are members of the confederation of Polish Employers [KPP] and representatives of five organizations that are not members of the KPP told Prime Minister Pawlak yesterday that the "Strategy for Poland" is a document for which they have been waiting for a long time, that, in their view, the goals outlined in the program are correct, and that they themselves are interested in their implementation.

On Equal Footing

During a discussion on the main items of the "Strategy," the employers had particularly high praise for the government's readiness to form partnershiplike labor relations and negotiation-based mechanisms for salary regulation. The employers want the state to play the role of an umpire and mediator in conflicts between employers and employees. As KPP Chairman Andrzej Wilk stated, the implementation of the task would make for a rapprochement among those who are most interested in seeing conflicts resolved—that is to say, trade unions on the one hand and employers on the other.

According to Ryszard Bielawski of the Gdansk Employer Association, only an economy "based on consultations" can assure social peace. Employers will gladly participate in negotiations, provided the government approaches them on a partnership basis.

The prime minister said that employer participation in the Trilateral Commission is very significant for putting employer-employee relations in order and that the government will be "seriously taking employers' views into account."

Let Us Commercialize

Many of the employers present stressed the importance of commercialization of state-owned enterprises. "It is a good thing," they said, "that the issue was mentioned as a 'strategic problem' in Deputy Prime Minister Kolodko's program." Without its successful implementation, it will not be possible to carry out the "Strategy." Commercialization implies making the enterprises oriented toward market criteria, and "only then will employers be stimulated in an appropriate manner."

State-owned enterprises currently produce almost half of the GNP, while 95 percent of all conflicts occur in them. According to Andrzej Tyszkiewicz, manager of the Zeran automobile plant and chief of the Federation of Employers of Domestic Automobile Producers, employers representing the current and former state ownership are more sensitive to social policies than private employers. In Tyszkiewicz's view, employers of the enterprise to be commercialized will be the leading executors of the appropriate labor relations in Poland (meaning relations modeled after EU [European Union] countries).

Prime Minister Waldemar Pawlak responded by saying that he can see no obstacles against a speedy commercialization of enterprises, even if their current managements were to be retained. "They will simply start thinking along different lines once they find themselves under market conditions, while you are not going to have good cadres emerge from lame structures," the prime minister said. He is waiting for a unanimous position on this issue by the managing cadres.

Poland-EU: Economic Issues, Perspectives

94EP0063A Warsaw POLIS in Polish No 5, Mar 1994 pp 16-20

[Article by Jolanta Adamiec: "A Difficult Wooing: The Cooperation Between Poland and the European Union"]

[Text]

Foundations of Cooperation

Since 1 November 1993, a new and extremely important entity, the European Union, has appeared on the European scene. This does not mean, however, that it is an entirely unknown organism. On the contrary, as a fruit of the continuing development and evolution of the European Community, it had long been expected, not just by its member countries but also by all partners. As such, it also is taking over all of the obligations of its predecessor, including those concerning our country.

Poland is linked as an associate member to the EC by the European Treaty, which was signed on 16 December 1991. An agreement of this kind must be ratified by the parliaments of all of the member countries of the EC, the European Parliament, and the parliament of the concerned country. Poland ratified that agreement as early as in June 1992, but its ratification by the other countries

took much longer. In effect, the agreement as a whole became effective as late as on 1 February 1994. However, its commercial part [the so-called Interim Trade Agreement] had already taken effect on 1 March 1992, and that made it possible to implement concessions [by the EC], presupposing the establishment, within 10 years, of a zone of free trade in manufactured goods.

The turning point in the relations between Poland and the EC occurred in 1988 upon the signing of the so-called Joint EEC-CEMA Declaration, which afforded the possibility of negotiating and concluding specific bilateral agreements between the Community and discrete countries of Central-East Europe.

In practice, since 1973, when the EEC adopted the principles of a joint trade policy, that possibility had not yet existed; all economic agreements had to be negotiated with the Community as a whole rather than with its individual member countries, but the CEMA countries refused to acknowledge the supranational powers of the EEC on this issue and, pointing to the imbalance between the negotiating parties, demanded bilateral agreements. At the same time, direct negotiations between the EEC and CEMA were impossible because the statute of CEMA did not authorize it to act on behalf of its member countries.

Owing to the East-West detente, one of whose fruits was the signing of the aforementioned "Joint Declaration," that impasse could be broken, and, on 19 September 1989, Poland signed its first major agreement with the EC concerning trade and economic cooperation and, soon afterward, the association agreement ["European Treaty"] as well. The latter confers on Polish-Community relations a totally new quality, such that, within a short period of time, the status of our country changed from that of the virtual absence of agreements to one that is much more favorable than that of many other EC partners. It also is a vital factor in the whole of the changes taking place in our country; it stabilizes the direction and course of our economic reforms by placing them in the context of the entire West European system.

The range of the issues covered by the European Treaty extends from political dialogue (Articles 2-5) through trade (Articles 7-36), migration of labor (Articles 37-43), establishment of companies (Articles 44-54), exchange of services (Articles 55-57), movement of capital (Articles 59-70), competition (Articles 63-67), to coordination of legal systems (Articles 68-70) and economic (Articles 71-94), cultural (Article 95), and financial (Articles 96-101) cooperation. Although the very fact of the signing of such a far-reaching treaty is advantageous to Poland, not all of the barriers to mutual relations could be overcome. Most of these barriers pertain to trade relations, and they can by now be more concretely identified after the nearly two-year-long implementation of the Interim Trade Treaty. As for the other barriers contained in the remaining parts of the European Treaty, these concern chiefly migration of labor and financial assistance.

Regarding migration of labor, it was merely settled that Polish citizens who are legally employed on EEC territory will be treated like the citizens of the host country. Unfortunately, it was not possible to incorporate provisions legalizing the employment of other categories of Polish citizens residing in the member countries of the Community and sanctioning an additional quota for Polish employees. Yet, precisely such provisions would be most advantageous to the Polish side, given the current rising unemployment and the attendant social tensions. Another disputed issue was the financial protocol. Unlike in the case of association agreements with Greece and Turkey, in Poland's case, the agreement merely refers to the statutory provisions of PHARE [Economic Reconstruction Aid for Poland and Hungary] and the European Investment Bank [EIB]. But the EIB offers loans solely on market terms rather than financial assistance in the close meaning of the term, while PHARE is intended to provide consulting and technical rather than financial assistance.

All of this reflects conflicting signals from the member countries of the Community. Their verbal support for the reforms in Poland and other countries of Central-East Europe is very strong, but, when it comes to particular decisions entailing specific expenses to their own economies, their attitude becomes quite detached. What is more, as the EU matures, the rise of new barriers relating to a common foreign policy, security policy, and trade policy is conceivable. These barriers may prove to be particularly detrimental to our aspirations for membership in the EU.

The Interim Trade Agreement

The Interim Trade Agreement—that is, the trade part of the Association Treaty—introduces two basic distinctions. First, it treats differently manufactured goods and farm commodities, and, second, it introduces differing timetables for the abolition of [trade] barriers by Poland and by the Community. The former distinction was dictated by the specific conditions of the commodity market of the EC, while the latter, termed "the asymmetry principle," means that the EC began to abolish import barriers earlier and more rapidly than did the Polish side, this being intended to give us time to adapt ourselves to the conditions of trade on the international market.

As regards manufactured goods, the EC abolished the duties on 50 percent of our exports on the effective date of the agreement. The pace of the reduction of duties on other goods varies for discrete groups of merchandise, as specified in detail in the Appendixes to the Treaty, which classify specific articles according to Integrated Nomenclature (NC). As regards farm products, total liberalization of trade is generally not envisaged; all merchandise was divided into six groups, each with a different timetable for the reduction of duties and countervailing fees as well as for increases in the fee-exempt quotas. In every case, however, a major limitation is the so-called protective clauses, which provide for restrictions in the event

of, among other things, dumping, problems with balance of payments, abuse of monopoly practices, or broad fluctuations on the markets for particular products (farm, textile, steel).

Viewed in a broader context, it turns out that the concessions granted by the Community are rather limited. Here at least three factors should be taken into consideration:

—Share in aggregate exports: The longest-lasting and most restricted timetable of liberalization was adopted for goods in which Poland at present relatively excels (so-called sensitive goods) and whose free market access would yield maximum advantages; these goods account for nearly 23 percent of Polish exports to the EC, or, if allowance is made for textiles and steel, about 44 percent.

—Existing level of protection: The attendant extended process of abolition of barriers applies chiefly to the goods for which the extent of protection was the highest in the past as well. This means that trade liberalization applies primarily to the domains in which anyhow in the past, too, market access had been relatively easy.

—Possibilities for production: The industries manufacturing so-called sensitive goods, which are most affected by the recession, have both the largest inventories and the highest spare productive capacity, and they are capable of rapidly responding to increased export possibilities.

Thus, in practice, in the sectors in which the extent of protection is the highest and the possibilities for higher output and profitable exports are the greatest, the EC is eliminating its barriers most slowly. This also applies to trade in farm commodities, for which the treaty generally does not envisage the establishment of a free-trade zone and which not only account for 20 percent of Poland's aggregate exports to the Community but also concern goods whose production cost is relatively low and that are, comparatively speaking, quite profitable.

A disturbing element is the increasingly frequent problems raised by the utilization of protective clauses by individual member countries of the Community attempting to protect themselves against higher imports from Poland. This concerns, in particular, the subsectors currently experiencing major structural problems, such as the steel industry and farming. Most often, Polish exporters are being accused of dumping, the more so considering that, often in this country, the domestic prices of some or other products are not treated as real market prices. Our farm exports are being restricted under various pretexts.

It appears, however, that the Commission of the Communities is aware of the rising protectionism and, in practice, low extent of the concessions granted in the association agreement. The Copenhagen Summit (21-22 June 1993) became yet another attempt to meet the expectations of the Central-East European countries. Five of the decisions adopted at that summit are especially noteworthy, as viewed from our standpoint:

—[Full] membership of the associated countries in the EC was defined as a common objective of both sides.

—A fuller incorporation of the associated countries in the institutional structures of the EC was envisaged.

—The liberalization of imports by the EC will be accelerated.

—Part of PHARE funds will be allocated for direct infrastructural investments.

—The possibility of including the associated countries in some Community programs will be afforded.

This appears to be laying a solid foundation for the growth of further cooperation; however, the reality may prove different from the Copenhagen declarations. The broadening of economic ties is being impeded by the deep crisis in the world economy. Unexpected problems may also arise owing to the transformations occurring within the EU itself.[1]

Effects of Changes in the Foreign Policy of the EU

Poland's attempts to establish closer cooperation with (up to and including [full] membership in) the EU coincide with the marked advancement of the integration of West Europe (within the framework of the Union and between the Union and the EFTA [European Free Trade Association]). This markedly complicates achieving our goal because we have to adapt ourselves to an organism that is not only incomparably more highly developed but also rapidly evolving. The related nascent problems may be exemplified by two aspects of the Union's growth: a common foreign and security policy and a common trade policy.

Common Foreign and Security Policy

Attempts to coordinate foreign policy have been under way since the EEC was first established. The Maastricht Treaty has brought considerable order into it, even if it also, as a result of far-reaching compromises, is couched in rather vague language open to diverse interpretations. Two major provisions of that treaty allow for the possibility of adopting decisions by a qualified majority of votes (Article J.3) and open the road for a common defense policy (Article J.4). Currently, the West European Union is charged with the responsibility for coordinating the defense system, though upon making allowances for the NATO obligations of certain of the Union's member countries.

To Central-East Europe, a more integrated Community with a common policy on a broader range of political and economic issues means primarily an organism that is more closed to third countries. A common foreign and security policy engenders two principal groups of barriers:

—Fear of domination by the larger and more highly developed countries of the Community; after 40 years of domination by Moscow, the countries of Central-East Europe are particularly sensitive about pursuing an independent foreign policy of their own.

—Lack of experience, and especially of discipline, in cooperating with other countries and coordinating foreign and security policy. As exemplified by the member countries of the EC themselves, even after 20 years of attempts to attain this kind of cooperation, that is no easy matter.

Neither Poland nor the other postsocialist countries can cope with these barriers. This process also requires involvement by the EC and a gradual preparation of eventual candidates for inclusion in all aspects of a common policy. A common foreign and security policy may prove a particularly valuable domain for gaining experience because here the form and scope and cooperation are defined only on the basis of a consensus of all of the member countries.

Foreign Economic Policy

A point of departure for a common policy on foreign economic relations is the Treaty of Rome, which mentions, among the principal instruments of the EC, a common system of external tariffs and a common trade policy (Article 3). Along with the Uniform European Act, the EC extended coordination to other domains of economic cooperation. The Maastricht Treaty thus introduced no radical changes in this respect, merely confirming (Article 3) that the EC's activities include, among other things, a common trade policy and an internal market characterized by a free flow of goods, people, services, and capital.

The provisions of the Uniform Act, while pertaining exclusively to internal liberalization and formally not referring to foreign relations, are not irrelevant to the EC's partners. At least three aspects of the EC's new policy will be directly related to these provisions:

—Allocation of EC quotas: To be sure, the EC does not intend to extend national quotas to the entire territory of the Community; rather, it intends to eliminate these quotas by using various forms of compensation during the transition period. Nevertheless, this may initially result in tighter protectionism:

—Protective measures: Previously employed individually by the various countries pursuant to Article 115 of the Treaty of Rome, upon merely notifying the Commission; under the Maastricht Treaty, they will now be subject to total control by the Commission and contingent on its prior approval.

—Trade in goods not included in the rules of the Common Market: Under Article 223 of the Treaty of Rome, defense goods were excluded from free trade, and a detailed list of such merchandise was agreed upon in 1950 and, in connection with the creation of the Common Market, has to be not only updated but also downsized.

Unlike in the case of the EC's common foreign and security policy, any changes in its common economic policy will affect Poland's situation both when that country joins the Community and when it remains outside it. Of a certainty, the possibility of inclusion in an area covered by a common protection system is more favorable to producers, but, on the other hand, the discrepancies in the economic systems and development levels of the EC and Poland are so marked that opening the domestic market to competition may cause unimaginable damage to the enterprises that still operate according to the principles of a planned economy. The aforementioned extension of national quotas to the entire area of the EC and the restrictions on the employment of protective measures require a long preparatory period even in the case of the weaker members of the Community. Major problems may also arise in connection with such issues as:

—The requirements posed by the standards and technical norms of the EC.

—The still predominant share of the state-owned sector in manufacturing [in Poland].

—Adaptations of the financial and tax system.

—Liberalization of the service sector.

These are only representative and most important groups of problems, but even they alone demonstrate the magnitude of the technological, organizational, and—most important—financial efforts that will have to be undertaken in the event that any of the countries of Central-East Europe join the EU.

Prospects and Challenges

As can be seen, cooperation with the EU is not problem-free. What is more, as this cooperation grows, not only the problems but also its cost will increase. But this does not mean that Poland should abandon the ambition of becoming an associate and later full member of the Union because then the cost to this country would be still higher. But everything should be done in order to completely exploit the opportunities and possibilities being afforded by the new situation in Europe, and also to get prepared, through the joint effort of both sides, for eventual problems and to try and reduce them to a minimum

In the case of the member countries of the Communities, this requires chiefly overcoming the stereotyped idea of a conflict between "broadening" (accepting new members) and "deepening" (developing new domains and forms of mutual cooperation). According to this stereotype, any tightening of ties between the Union and the Central-East European countries can be considered only after the process of building the Union is completed. Yet, opposing these two concepts in itself already is

fallacious because they are not mutually exclusive and, even more, they cannot run their course independently of one another. Any change in EC policies, if it is to be lasting, should by now make allowance for the needs and possibilities of potential new members. This is particularly essential in the case of the countries of the former Soviet bloc, which in every respect remain separated from the EC by an abyss they cannot bridge on their own.

Besides, paying attention to Central-East Europe does not mean halting the development of the Communities. On the contrary, any attempt to "put on hold" the lagging part of the European Continent would be harmful to both sides. Thus, the "deepening" of the EC could be enriched by taking a number of specific measures enabling the countries of Central-East Europe to smoothly join that process and, by the same token, stabilizing and accelerating the reforms in these countries themselves. Such measures may consist in, e.g.:

—Speeding up the implementation of the provisions of association agreements (and, in particular, in this connection, accelerating the liberalization of access of East European goods to the EC market.

—Affording to the countries of Central-East Europe the possibility of participating, at least in the capacity of observers, in the shaping of Community regulations (so-called *acquis communautaire*).

—Including associated members of the EC completely in the domains of common policies, where this does not threaten the unity of the Communities (e.g., environmental protection, research programs, regional policy).

—Developing a concept of "gradual membership" that would enable the Central-East European countries to be gradually included in the formulation of common policies and, insofar as possible, to participate in their implementation.

There is no precedent for any of these concepts in the foreign relations of the EC so far, but the complexity of the situation and the overall process of restructuring the shape of the Communities require a new approach to the process of European integration as a whole.

Much more difficult (and definitely more important) is another aspect of this whole process—namely, the proper formulation and consistent implementation of a Polish strategy of development because, regardless of how good the conditions afforded us by the EU may be, it will be up to us to utilize them properly. This requires, above all, strategic thinking in global terms and, thereupon, the adaptation thereto of our current foreign and domestic policies.

Specific measures should be primarily taken to exploit the opportunities already afforded by the Interim Trade Agreement and especially by the three-year period of one-sided liberalization of trade specified in that agreement. In this case, the paramount requirement is an economic policy stimulating improvements in the efficiency of our domestic industry and a proexport orientation of production. A survey conducted by E. Kawecka-Wyrzykowska indicates that, to 90 percent of the Polish enterprises that export their products and/or deal in exports, the principal barriers are of a domestic nature (debt, instability of tariff and tax regulations, excessively high cost of investment, etc.).[2]

In addition to a rational program encompassing the whole of domestic economic policy, a specific plan dealing directly with the implementation of the treaty and regulating our current contacts is also needed. The principal measures should include:

—Determining which institution is to be responsible for an efficient flow of information among interested organizations; this concerns information on the extent of the utilization of the export quotas assigned to us, on the possibilities for the legal protection of the domestic market and Polish producers against excessive competition from the Communities, and on the process of adaptation of the Polish legal system and the prospects for scientific and cultural exchange.

—Efficient monitoring of the consequences of the treaty, serving to formulate proper arguments and coordinate contacts with the Communities. These contacts do not have to be top-level alone because possibilities for tightening or renegotiating certain provisions are also afforded to the Association Council established under the agreement, and, similarly, the Joint Commission of the Polish parliament and the European Parliament can also act on its own initiative.

—Dissemination of the basic legal acts and documents crucial to cooperation with the EU at various levels, and popularization of knowledge about the Union among the public.

But the coordination of all measures remains the fundamental prerequisite. This means, on the one hand, coordination of the process of adapting our economy, legal system, social policy, etc. to the requirements posed by the European Treaty and, on the other, coordination of the measures taken to restructure the economy as a whole, in both its relations with the economies of other countries and in purely domestic terms.

Footnotes

1. An in-depth analysis of economic cooperation between Poland and the EC against the background of the integrative processes ongoing inside the Community is presented by K. Gawlikowska-Hueckel, A. Stepniak, and A. Zielinska-Glebocka in: *Polska-EWG. Wybrane aspekty dostosowan w swietle Rynku 1992 i Umowy o Stowarzyszeniu [Poland-EEC. Selected Aspects of Adaptation in the Light of the 1992 Market and the Association Agreement]*, Gdansk, 1993, Center for EEC Studies and Foundation for Development, Gdansk University)

2. E. Kawecka-Wyrzykowska, "Elements of a Program for Adapting the Polish Economy to Association With the European Communities," STUDIA I MATERIALY, IKiC [Institute for Business Cycles and Foreign-Trade Prices], Warsaw, 1992.

Results of Opinion Poll on Election Importance

WS1606100294 Warsaw RZECZPOSPOLITA in Polish 16 Jun 94 p 1

[Article by R.W.: "Public Opinion Research Institute for RZECZPOSPOLITA; Important and More Important Elections"]

[Text] "From my point of view, the self-governmental and parliamentary elections are equally important"—this according to almost 40 percent of adult Poles, respondents to a poll conducted at the request of our daily by the Public Opinion Research Institute [PBS] in Sopot. Nearly 30 percent of respondents believe that the parliamentary elections are more important, and almost 20 percent that the self-governmental ones are. Generally, then, the parliamentary elections are evaluated as more important than the local elections. The poll was carried out a week before the election date.

Both kinds of elections are often compared. Public opinion researchers estimate that participation in the local elections may be lower than in the parliamentary elections. A lot is being said about the fact that the local elections have acquired a political character, which results, among other things, from the fact that they are being held just a few months after parliamentary elections; those elections were lost by postsolidarity and rightist groupings and won by parties with origins tracing back to the Polish People's Republic. Thus, it is another test of forces for both the winners and the losers. In many cases, the coming elections will also acquire the characteristics of a referendum for or against the self-governmental authorities that have been in power since 1990.

We evaluate the intentions of our fellow countrymen slightly differently from our own. According to 30 percent of the respondents to the PBS poll, for other people the parliamentary elections are more important; 14 percent say that the self-governmental elections are more important; 4 percent believe that neither set of elections is of any special significance; and, according to 24 percent, Poles attach equal importance to the self-governmental and parliamentary elections. Almost 30 percent of the respondents had difficulty evaluating the views of other people.

Representatives of groups that are higher in the social hierarchy (the management cadre, well-off and educated people) say relatively frequently that, for other people, more important are the parliamentary elections; however, they themselves usually say that both kinds of elections are equally important. Also, the view has been confirmed that the idea of self-government is more important for small communities. In rural areas and small towns, there are more people for whom the self-governmental elections are of greater importance than parliamentary elections.

The poll was carried out on 11 and 12 June on a 1,043-person representative sample of adult inhabitants of the country.

[Box, p 1]

From your point of view, which elections, parliamentary or self-governmental, are more important?

Hard to tell	11 percent
Parliamentary elections	29 percent
Self-governmental elections	18 percent
Neither of them	5 percent
They are of equal importance	37 percent

Daily Debates Both Sides of Reprivatization

WS1606124194 Warsaw GAZETA WYBORCZA in Polish 16 Jun 94 p 16

[Article by Marek Wielgo: "Reprivatization—Bone of Contention"]

[Text] *There is probably no political party that would officially reject the idea of reprivatization. Still, this is the fourth government and the third parliament to be deliberating the issue. As usual, the problem of who to return property to and in what form is a bone of contention.*

A draft reprivatization law coming from some Sejm deputies was submitted to the Sejm in December; it satisfies former owners but does not suit the government. Under the government's auspices, a counterproposal was prepared by the Ownership Transformations Ministry, but the former owners say it is unacceptable.

According to Deputy Ownership Transformations Minister Andrzej Zebrowski, the state cannot afford the kind of wide-sweeping reprivatization that is being suggested by the Sejm deputies. "Our assessment is that claims by former owners amount to about 350 trillion zlotys [Z]," Zebrowski says. "To meet the claims, companies subject to privatization must devote 5 percent of their shares to this every year. That means that, this year, the former owners could expect Z400 billion worth of shares."

"But we want the property to be returned to us in its natural form," reply those harmed. "Only in cases where that would be impossible,could the state offer substitute property or securities. Then, reprivatization would not have a damaging effect on the state budget."

"To return property in its natural form? That would create conflicts," counters Deputy Minister Zebrowski. "Take the ill-fated Warsaw apartment houses, for instance. About 4,500 former owners or heirs are seeking to have the houses returned to them. If we were to do that, the current residents of the houses would object."

So the government proposes reprivatization coupons [bony reprywatyzacyjne], with which one could buy real estate being sold by the State Treasury or by gminas [small administrative units]. But only those people whose property was seized illegally by the state in the 1944-58 period would receive the coupons.

This would decrease the amount of claims from Z350 trillion to Z150 trillion, but that is still too much. Those harmed would not receive as much as their real estate is worth—they would receive 63-percent less.

The former owners do not understand the need for the new law because they can seek judicial remedies even now. "The government wants to legalize the barbarian laws of the Polish People's Republic," they say. "But the decrees through which the state took the property away from the people were contrary to the constitutional order."

Those harmed do not want the coupons, which may turn out to be just a pile of worthless paper if gminas are not ooliged to sell real estate to people holding the coupons. Their view is that the coupons will be a way to get rich for those who will buy them very cheaply, and then, through personal connections with the gmina authorities, they will be buying real estate with the coupons.

Defense Industry Accommodation to Market Viewed

94EP0065A Warsaw NOWA EUROPA in Polish 19 May 94 p 22

[Interview with Roman Czerwinski, under secretary of state in the Ministry of Industry and Trade, by Zbigniew Kozakiewicz; place and date not given: "Swords Into Plowshares"]

[Text] [Kozakiewicz] The arms industry has a highly skilled labor force and a great tradition, and its products are of good quality. Nevertheless, it is in trouble.

[Czerwinski] Let us begin by considering that, in the 1980's, the concept "arms industry" extended to some 90 manufacturing plants, both final producers and supplier plants. These plants were geared to serving our military and the armies of the Warsaw Pact, and, in addition, we exported part of the output outside the Warsaw Pact. The changes in our region, the collapse of the Warsaw Pact, and the abandonment of the policy of confrontation and of materiel stockpiling led to a situation in which such a considerable potential of the arms industry has turned out to be unnecessary. Most of its manufacturing plants had to retool to other production. At present, our arms industry consists of 31 plants, chiefly final producers. It is a modern industry, and its products do not deviate from international standards; its output can supply about 70 percent of weaponry and equipment for the military.

[Kozakiewicz] What kinds of weaponry can it manufacture?

[Czerwinski] To put it differently, except for medium- and long-range antiaircraft missiles, supersonic aircraft, and large deep-sea vessels displacing more than 2,000 tons, we can make the entire weaponry and equipment needed by the military.

[Kozakiewicz] That is an impressive capability, but what is the industry's financial situation?

[Czerwinski] Its basic problems are its huge debt and the absence of alternative civilian production. In peacetime, arms plants cannot—because it is unnecessary—exploit their entire arms-manufacturing capacity, even if they are able to export part of their output. Thus, in order to keep operating, they have to make goods for the civilian market. Well, civilian production is not the problem; the real problem is its expansion to an extent sufficient to offset the deficit due to the mothballing or only partial utilization of defense production lines—hence the need to restructure the plants. Our experience, as well as the experience of other countries, indicates that, if output for the military is not more than 30 percent of capacity, a plant can still perform in the black if the remaining 70 percent is sold.

I mentioned the arms industry's debt; last year it amounted to 16 trillion zlotys [Z]. At present, this burden is much lighter. Debt-reduction agreements account for about Z7.7 trillion and other forms of debt conversion for Z3 billion. The remaining obligations were rescheduled and will be repaid partially in cash and partially in the form of shares in civilian production. Government loan guarantees—I emphasize, loan guarantees and not subsidies—have been provided, totaling Z25 trillion for industry as a whole. The arms industry and its particular plant can, if they have tangible prospects, count on loans totaling Z1 trillion and perhaps even more. About Z1 trillion has been allocated for funding inactive production capacities. Altogether, this is, relatively speaking, a substantial amount. Arms plants have caught their breath and can exploit new opportunities.

[Kozakiewicz] You mean opportunities for developing products attractive to the civilian market?

[Czerwinski] Not only that. Our analyses demonstrate that the Polish arms industry can meet the needs of the military 70 percent. The world is not standing still; hence, we too must think in long-range terms, about new types of weaponry and equipment, the modernization of current equipment, and the utilization of electronics and other achievements of science and technology. The Ministry of National Defense and our industry are doing a great deal of work on the modernization of weaponry. We have also established interesting contacts with foreign companies—Swedish, French, American ones. Joint undertakings are being planned. An example of a modern Polish project may be the Grom missile. An example—of course, not the only one—of extremely promising cooperation with foreign companies may be the joint project of the Gdansk Unimor and the Swedish

Ericsson for developing tactical communications based on digital processing and the encodement of information.

[Kozakiewicz] Some foreign newspapers have been advising us to introduce a far-reaching conversion of our arms industry. It may be that the motive is to get rid of competition, is not that so?

[Czerwinski] It is hardly conceivable for a country of Poland's size to have no arms industry of its own. I believe that this idea is not even worth considering. Our arms industry remains in our Polish hands, and we shall continue to improve our technologies, but we shall also be wide open to foreign cooperation. The arms market is uncertain, but, perhaps, owing to such cooperation, broader export opportunities will be afforded. At any rate, I do not believe our exports are to diminish.

[Kozakiewicz] What other factors will influence the process of reforming the arms industry and adapting it to the market economy?

[Czerwinski] This process still continues and, for the enterprises to perform truly efficiently, it must continue further. The next step will be to commercialize the plants by transforming them into Treasury companies; this precisely means the adaptation of enterprises to the requirements of the market economy and adherence to the commercial laws and cost-effective accounting on the microscale. Arms enterprises will not be transferred to the jurisdiction of the Ministry of Ownership Transformations because their sale, partially or in their entirety, is not envisaged. But this does not preclude structural and ownership transformations in those enterprises that produce for the civilian market. We shall support the concept of employee stock ownership, and this should favorably affect the ties between the work forces and the enterprises. Groups of companies will be organized under the arms enterprises, with the object of spurring their civilian production. The debt of these enterprises could be converted to shares in their civilian departments. All of these changes are intended not only to spur economic revival but also to counteract unemployment, which has strongly affected arms enterprises. At the same time, I wish to emphasize that these changes will not extend to the enterprise departments geared to defense production.

For the arms industry, privatization is not a means in itself but a means of promoting and accelerating economic growth. This policy on privatization will continue to be pursued. At the same time, considering the special nature of the arms industry, we shall also guide ourselves by the principle that the State Treasury is to own at least 51 percent of stock—that is, a majority share—in every arms enterprise, and the stock will be the registered rather than the bearer kind. Given adherence to this principle, practically all forms of structural-ownership transformations can still be applied.

[Kozakiewicz] The arms industry at one time found itself in an extremely difficult situation that was traumatic to its work force. What has changed in that respect?

[Czerwinski] We should bear in mind that at those 90 plants that worked for the arms industry in the 1980's, the share of civilian production was small, so that when the demand for military production slumped, it entailed collapse, mass layoffs, unemployment. That is why we attach such great importance to restructuring these plants, to converting to civilian production. Here I wish to emphasize the great role of the Committee for Scientific Research, whose projects are making it possible to surmount the related difficulties.

The arms plants had tried to save themselves by exporting to the East. This caused them to contract considerable debts owing to the difficult situation of their Eastern partners. By now, the plants have regained one-half of the value of those exports, while the other half does not appear to be irretrievably lost. I have already mentioned negotiations intended to reduce our multitrillion debt. Definite symptoms of a stabilization of the job market are arising. Such plants as the Rzeszow WSK [Transportation Equipment Plant] and Wroclaw Hydral, which slashed their employment in the years 1991-92, are now increasing it; the employees laid off in those years are returning to their work stations. For next year, we envisage no employee discharges other than those owing to old-age retirement. The establishment of civilian companies under the arms plants will also favorably affect the job market and reduce unemployment. All of this warrants speaking of a gradual improvement, of bettering the situation at arms-industry plants. As time goes on, this will be more tangible to employees than it is at present.

I would like to emphasize one other thing: There has been a marked improvement in the political climate, which favors the arms industry and the development of production for domestic consumption and exports. Our undertakings are commensurate. On the basis of what was done last year, we are organizing in Kielce an educational and promotional exhibition. We expect that, like other measures, it will foster the development of cooperation with domestic and foreign companies, the expansion of exports, and the strengthening of our potential.

Further on Bad Banking Credits, Remedies

WS1606125894 Warsaw GAZETA WYBORCZA in Polish 16 Jun 94 p 16

[Article by Artur Morka: "Better 'Bad Credits'"]

[Text] *According to research results coming from the Institute of Market Economy Research, so-called bad credits (ones that have not been repaid by customers) constitute a decreasingly significant problem for the seven biggest commercial banks.*

By the end of this year, bad credits will constitute about 23 percent of the entire credit portfolio of commercial banks. In 1996, the number of bad credits should go down to 7-8 percent, which corresponds with norms usually adopted by banks in highly developed countries.

Bad credits began to be a problem after 1989; that is when economic conditions changed. Many enterprises could not repay credits they had borrowed earlier because they had problems in selling their products. But until they have repaid old credits, they could not have borrowed new ones (which they needed to modernize the production process.)

Bad credits began to also haunt the banks themselves. Even though interest rates were rising on paper, bankers were perfectly aware that once a debtor goes bankrupt, the chances to recover the money will be very slim indeed. The only solution was to write off part of the old debts for those enterprises that have good future prospects.

In March 1993, a law on restructuring banks and enterprises became effective. The banks researched by the institute were provided special bonds, in return for which they had to restructure their credit portfolios within a year.

The Institute of Market Economy Research examined the credit situation at seven banks separated out of the National Bank of Poland: Bank Gdanski, Bank Zachodni, Powszechny Bank Kredytowy, Powszechny Bank Gospodarczy, Pomorski Bank Kredytowy, Bank Depozytowo-Kredytowy, and Bank Przemyslowo-Handlowy.

The conclusion is that banking reconciliation proceedings [postepowanie ugodowe] was the most frequently applied method of restructuring debts—it was applied in four-fifths of the cases. The banks tried to recover about 15 percent of the debts by using judicial conciliation proceedings, while, in the remaining cases, Civil Code agreements were used.

Conciliation Most Frequent

According to Finance Ministry data, enterprises had initiated over 190 banking conciliation proceedings by 31 March, out of which 120 were completed. As much as 60 percent of the proceedings were entered into by the banks researched by the institute. The value of these conciliation agreements is estimated at about 8 trillion zlotys [Z].

Banking conciliation proceedings covered primarily large enterprises that employed on average over 1,300 employees. The majority of the enterprises (72 percent) are state-owned or Treasury-owned joint-stock companies.

The largest number of conciliation proceedings were initiated in the light and the electromachine industries, primarily in the Jelenia Gora, Opole, Lodz, Wroclaw, and Walbrzych Voivodships. As one can see, a majority of these voivodships are regions facing the danger of structural unemployment in which the industry's situation is very difficult.

In 30 percent of the banking conciliation agreements, the principle of substituting financial claims with shares in the enterprises was applied. This means that banks will have a better way of controlling the remedying process [proces naprawczy].

Bankruptcy or Sale

In the case of 162 enterprises that have incurred debts with the banks researched by the institute, courts declared bankruptcies of the enterprises on motions by the banks. This is the way the banks dealt with debtors who were without prospects for repaying the loans. In most cases, these were state-owned enterprises of the light or electromachine industries. No bankruptcy was declared with regard to enterprises of the fuel/energy or metallurgic industries.

Selling the financial claims [wierzytelnosci] of banks was another method of getting rid of the claims by the banks. The banks decided to put financial claims of 378 economic units up for sale; the total of the debts of these units amounted to about Z2.4 trillion. The prices ranged from 8 to 50 percent of the total value of a financial claim. Claims with regard to enterprises of the electromachine industry were the easiest to sell.

Rally, Government-Union Talks Continue

AU1606151694 Bucharest Radio Romania Network in Romanian 1300 GMT 16 Jun 94

[Text] The negotiations that were interrupted at 0130 between the government team, which includes State Ministers Dan Mircea Popescu and Florin Georgescu, Viorel Hrebenciuc, general secretary of the government, and Octavian Partenie, head of the office in charge of the government's relations with trade unions and employers organization, and counselors, experts, and representatives of the Alfa Cartel and the National Trade Union Block and delegations led by Alfa Cartel Bogdan Hossu, resumed shortly before 1500.

In the first 15 minutes, the representatives of trade unions explained that the minutes of the meeting, which were completed last night but not signed, include the government's viewpoint but, as far as the viewpoint of trade unions are concerned, there are several controversial points. Romulus Nita, vice president of the Alfa Cartel, immediately insisted that the talks should focus on Government Ordinance Number 13 to find ways to invalidate it. At this hour, the talks are in progress, our correspondents informed us.

Meantime, our correspondent informed us on the phone that Victoria Square continues to be occupied by Alfa Cartel trade union members. Trade union representatives from Focsani and Tulcea have joined the groups of demonstrators. The size of the law enforcement units, as well as their technical equipment, have also increased considerably.

Unions Issues Communiques

AU1606182994 Bucharest Radio Romania Network in Romanian 1700 GMT 16 Jun 94

[Text] A communique released by the Alfa Cartel [Trade Union Confederation] says, quote, the government continues to spread misleading information. The protesters did not resort to violence, did not even get close to the sidewalk [in Victory Square], but the authorities continue to incite, unquote. The communique requests support from all state institutions to adopt a positive stance as soon as possible to avoid possible regrettable violence.

Another communique released by the National Trade Union Bloc, in its capacity as a participant in the rally organized by Alfa Cartel, informs public opinion about, quote, the constant and arrogant refusal of the executive to solve the problems of the trade unions and, at the same time, the obviously hypocritical way in which dialogue is being mimed, unquote.

'Satisfactory' Agreement Reached

AU1606195694 Bucharest Radio Romania Network in Romanian 1900 GMT 16 Jun 94

[Text] The government spokesman has sent us a communique with the following content:

During the evening hours, negotiations continued between the government commission—consisting of Dan Mircea Popescu, minister of state and minister of labor and social protection; Florin Georgescu, minister of state and minister of finance; Viorel Hrebenciuc, general secretary of the government; and Octavian Partenie, state secretary and head of the office for relations with the employers and trade unions—and the delegation of the Alfa Cartel national trade union confederation, headed by its Chairman Bogdan Hossu.

During the last round of negotiations, which concluded today at about 2000, the government negotiators and the Alfa Cartel representatives signed a convention that contains, among other things, a number of solutions to the basic problems formulated by the union party.

They established, in mutual agreement, new ways to implement Government Decision 13, which refers to that part of salaries for which no additional taxes are to be paid. It was accepted that new efficiency indicators will be recognized other than those established by Government Decision 171 of 1994, such as increases in physical labor productivity, increases in the weight of the income earned from exports in the balance of companies' total income, and others.

Referring to the conclusion of the collective labor contracts, the parties agreed that before 22 June 1994 the divergent points between the Alfa Cartel and the employers is to be mediated by Romanian Prime Minister Nicolae Vacaroiu.

They also agreed upon the finalization of certain draft laws with a union connotation and the government pledged to forward them to Parliament in emergency procedure.

They found solutions suiting both parties on the observance, in the case of retirees, of the salary grades acquired between 1990-1994, as well as a new mechanism of indexing salaries and minimal salaries throughout the whole economy. According to the convention, minimal salaries are to be increased beginning 1 July 1994 to 65,000 lei per month, and every three months the government, together with the trade unions and the employers, will reestablish its level in accordance with the evolution of macroeconomic indicators and average salaries in each economic branch.

The conclusion of the negotiations between the government and the trade unions, with results that both parties termed satisfactory, proves once more the government's readiness to dialogue and its realistic way of approaching the problems raised by the trade union confederations. The idea ought to be reiterated that open dialogue, rather than the pressure of the street, represents the sole way of solving all hardships that emerge in the evolution of society, concludes the communique sent to us via fax by the government spokesman.

After the aforementioned convention was elaborated, the union representatives who had attended the negotiations with the government read out the text of that document in Victory Square; it was then approved, point by point, by the persons in that square.

At about 2120 the government party and the union delegation signed the convention. According to Alfa Cartel leader Bogdan Hossu, the trucks that have been parked in front of the government headquarters for the past three days are scheduled to leave Victory Square at this time.

Parliament Factions Call On Iliescu To Speak

AU1606184794 Bucharest Radio Romania Network in Romanian 1700 GMT 16 Jun 94

[Text] A number of parliamentary factions have addressed a letter to Romanian President Ion Iliescu, which we will present entirely:

In the interest of the prestige of the presidential institution and the good functioning of state authorities, the signatory parliamentary factions in the Senate and Chamber of Parliament invite you to present before parliament, before the end of the current session, your position regarding the accusations against you in connection with the violation of the principle of independence of the judges and of the authority of judges' rulings. We consider that a debate on that issue in Romania's Parliament is absolutely necessary.

The letter is signed by the parliamentary faction of the Civic Alliance Party and the National Liberal Party-Democratic Convention—Nicolae Manolescu for the Senate faction; the Democratic Party faction—Adrian Severin for the Chamber of Deputies, Oliviu Popescu for the Senate faction; the Liberal Party-1993 faction—Dinu Patriciu for the Chamber of Deputies faction, Dumitru Caluianu for the Senate faction; the National Christian-Democratic Peasant Party and the Romanian Ecologist Party faction—Gabriel Tepelea and Otto Weber for the Chamber of Deputies faction, Valentin Gabrielescu for the Senate faction; the Romanian Social-Democratic Party faction—Sergiu Cunescu for the Chamber of Deputies faction; and the Democratic Union of Hungarians in Romania faction—Iuliu Vida for the Chamber of Deputies section, Karoly Szabo for the Senate faction.

Karadzic: No Serb Concessions in West

LD1706110794 Belgrade TANJUG Domestic Service in Serbo-Croatian 0932 GMT 17 Jul 94

[Text] Belgrade, 17 Jun (TANJUG)—Republic of Srpska president Radovan Karadzic told VECERNJE NOVOSTI (Belgrade daily) today that the River Drina could never again become a border between the Serbs (in Bosnia and Serbia), and that the Muslims could only be given enclaves in eastern Bosnia. In an interview given in Moscow after his talks with Russian officials, Karadzic pointed out that he had asked Andrey Kozyrev and his aides to tell the contact group that the Serbs had to have their part of Sarajevo. According to Karadzic, the central part of Sarajevo, except for Grbavica, will be given to the Muslims, and the republic of Srpska should get Dobrinja, Ilidza, Lukavica, Hrasnica, and Rajlovac (western districts of Sarajevo).

"We will not give up the right bank of the Una river under any circumstances, and there can be no haggling over Sanski Most, our part of (Bosanska) Krupa, Novi Grad (former Bosanski Novi), and Prijedor (all Serb-held towns in western Bosnia), or over Podgrmecje and Potkozarje (areas in western Bosnia)," Karadzic said.

Karadzic told the Russians to convey to the contact group that the Sava river would be the best and the only possible natural border in Posavina (Northern Bosnia). He said that the republic of Srpska is very interested in a 1- or 2-km widening (of the corridor) near Brcko and stressed the readiness to allow the Muslims to use part of the Brcko port, but any interruption of the republic of Srpska's territorial integrity is out of the question. Karadzic pointed out that Croatia is offered an honorable (Serb) proposal to get 250 square km in the Dubrovnik hinterland in exchange for 30-35 km of the coast, between a point north of Molunat and Prevlaka.

Saying that very soon it will become clear whether or not the United States is trying to involve Serbia and the Federal Republic of Yugoslavia in the war, Karadzic specified that United States' insistence on a peace plan and maps dividing Bosnia, which will be unacceptable for the Serbs, would be a clear indication of this.

Krajisnik: Maps 'Far From Acceptable'

LD1606172494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1640 GMT 16 Jun 94

[Text] Sarajevo, 16 Jun (TANJUG)—Momcilo Krajisnik, the president of the People's Assembly of the Bosnian Serb Republic, told TANJUG today that the maps, under review by the Contact Group for the former Bosnia-Herzegovina, were far from acceptable for the Serbs. We have had a preliminary look at the maps, but we are expecting some improvements, that is, corrections. If that happens, it will be create favorable conditions for the restoration of peace in Bosnia, Krajisnik said. He particularly stressed that the maps, which have been circulated, were causing concern and fears among the Serb people that they could be imposed on the Serbs in their current form.

The maps considerably affect the vital interests of the Serb people and, in fact, they are destroying the achievements of our struggle for the homeland, which is impermissible. I do not want to pass any judgments on the maps. However, I am expecting reasonable proposals because we presented our objections and explained why we could not accept their proposals. We also invited the Muslims side to present their stances.

We are awaiting a response with great interest. Our reaction to the response will in any event be in line with the proposals adopted by the Serb Republic People's Assembly at the last two sessions, Krajisnik said in conclusion.

Krajisnik Favors 'Rehabilitation' of 'Chetniks'

AU1606173494 Belgrade BORBA in Serbo-Croatian 16 Jun 94 p 12

["I.V."-initialed commentary: "Krajisnik: Affirmation of the Struggle for the State"]

[Text] According to the information of the Serbian news agency SRNA, the day before yesterday, Chairman of the Serbian Republic People's Assembly Momcilo Krajisnik received a delegation of the initiative committee for the preparation of the republican assembly of the Association of the World War II Chetnik Veterans from Ravna Gora. "The Chetniks were great patriots and they fought for the Serbian national question," Krajisnik emphasized on that occasion, emphasizing that the current struggle of the Serbian people for freedom and national state "can be compared to the struggle of the Chetniks during World War II."

"Our state and political leadership and the Serbian Democratic Party [SDS] are determined to create national reconciliation and affirm the patriotic struggle for the creation of the Serbian state in the years 1941 to 1945 to the utmost, even nowadays when a struggle for the final solution to the national question is being fought," Krajisnik specified, voicing his personal sympathy for the Ravna Gora movement. The president of the Serbian Republic Assembly also emphasized that the memory and the continuation of traditions will always exist within the affirmation of the Chetnik movement, adding that the state should regulate the celebration of all significant events from that period with legal acts. "If somebody will turn against the SDS now only because we are reaffirming the Chetniks, then let him," Krajisnik concluded.

The representatives of the initiative committee demanded from Krajisnik that the movement of General Draza Mihajlovic's Ravna Gora Chetniks be legally rehabilitated and that the association's constituent assembly at the republican level be held in the shortest possible time. After the meeting with Krajisnik, the

initiative committee held a session on the premises of the Serbian Republic Presidency at which it was concluded to "wait for the reply of the Assembly until 15 July, and afterward hold the founding assembly of the association in Pale or Ilidza."

President of the Serbian Radical Party Vojislav Seselj, who has in the meantime dissolved his Serbian Chetnik movement, says that members of the Serbian Radical Party and the SDS took part in the organization of the new association, however, not as party representatives, but as veterans. Adding that the initiative for the creation of the association originates precisely from the ranks of the Serbian Radicals in the Serbian Republic, Seselj says that he fully supports any action aimed at rehabilitation of the Chetnik movement.

The Serbian Renewal Movement [SPO] is very surprised by the Bosnian Serbian leadership steering into Ravna Gora waters, especially, when one recalls that, until yesterday, even General Mladic himself would be taking cockades off the soldiers' caps. Milan Komnenic emphasizes that the Ravna Gora movement never propagated, and even less carried out, ethnic cleansing, nor did it propagate that the Serbs could live by themselves. "There were some people on the fringe of the Ravna Gora movement who had committed crimes and behaved aggressively and we are worried by Krajisnik's promotion of his own ideas about the Ravna Gora movement that have no connection whatsoever with this movement."

Army Insists on Observing Serb-Held Areas

AU1606200194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 16 Jun 94

[Text] Colonel (Plafait), authorized representative of the UN Headquarters for Bosnia-Herzegovina, today presented Brigadier General Enver Hadzihasanovic, commander of the General Staff of the Supreme Command of the Bosnia-Herzegovina Army, with a proposal to deploy UN observers in charge of monitoring and reporting on the observation of the cease-fire agreed upon in Geneva on 8 June, the Bosnia-Herzegovina Army press center informs. The proposal of the UN Headquarters for Bosnia-Herzegovina is in accordance with the conclusions of the meeting of the commanders of the Bosnia-Herzegovina Army and the United Nations. It envisages the construction of 66 observation points in the southwest and northeast sectors.

The Serbian aggressor's side has not delivered its proposal to the UN Command for Bosnia-Herzegovina yet. The final version on the observation posts can, therefore, be expected at the next meeting. The General Staff of the Supreme Command of the Bosnia-Herzegovina Army continues to insist on an improved number and place of deployed UN observers, especially in the Bihac and Gorazde regions. If the observation posts are not set up on the territories temporarily controlled by the Serbian aggressor's side, then we will not accept and allow observation posts to be constructed on the free territory of the Republic of Bosnia-Herzegovina, is written in the statement by the Army Press Center.

The Bosnia-Herzegovina Army proposal on the number of liaison officers and line of administration and command has been accepted in its entirety by the UN Command for Bosnia-Herzegovina. The proposal facilitates efficient surveillance and reporting by the incumbent commands on the observation of the cease-fire.

Sarajevo Radio: Bihac Fighting 'in Progress'

AU1706090494

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 17 June carries in its regular four-minute newscast several reports confirming cease-fire violations in the republic.

Bihac correspondent Mirza Sadikovic reports on the situation overnight and says that "this has been one of the hardest nights since the beginning of the chetnik aggression and particularly since the outbreak of the armed rebellion organized by the Kladusa outlaw [Fikret Abdic] in the border areas of the Cazin and Velika Kladusa communes. Overnight, and particularly after 0300, the chetniks from the so-called Serbian autonomous province of Krajina used artillery to pound the wider areas of Skokovi, Pecigrad, Todorovo, and [name indistinct]. In addition to howitzers, they used multiple rocket launchers, so that the Cazin citizens are in shelters. The forces of the traitor army savagely attacked Pecigrad and Todorovo. As the attacks are still in progress we have no information on the consequences."

The 206th Chivalrous Zvornik Brigade Information Service correspondent reports that "the aggressor is continuing the usual cease-fire violations. In the course of the afternoon hours until late into the night, antiaircraft machine gun and small arms provocations were registered in Sapna, Kraljevici, and Kobilici, and along the forward defense lines in the area. The aggressor used 120-mm mortars to target our positions on Skakovica and Pandurica. The chetniks are continuing their provocations in the morning hours, but our troops are not responding."

Kladanj correspondent (?Muris Seho) reports that "in the course of the night, our defense lines on the southeastern part of the Kladanj front were targeted by the Romanija chetniks. The enemy mortars, Praga, and antiaircraft machine guns were particularly directed at the region of Konjevici. Ten 82-mm shells landed in the area. The chetniks from Hadzici continued small arms' provocations."

The 3d Corps Press Center correspondent reports that "the chetniks must have signed the cease-fire agreement using invisible ink, because events on the fronts in the 3d Corps theater of operations cannot be described as a cease-fire. The attacks were fiercest on the Zavidovici front, where the attacks began with the pounding of our defense lines in Hajdarevici and Imamovici. An infantry

attack followed. Antiaircraft and small arms' provocations were registered on the Doboj and Teslic fronts. The rapid passage of buses and trucks on the Doboj-Pridjel-Preslica route is proof that they are preparing to launch fresh attacks in this area. The situation was similar on the (?Seric) front. Our troops are not responding to the provocations."

Sarajevo Radio: Krajina Serb Attacks in Bihac

AU1606183394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 16 Jun 94

[Report by Mirza Sadikovic from Bihac]

[Text] In the afternoon, the united aggressor intensified the attacks on the free territory of the Bihac district. The outskirts of the Cazin commune have become the target of the artillery from the strongholds in the so-called Serbian Autonomous Region of Krajina. The members of the treacherous Abdic's phalanxes have started new artillery and infantry attacks on (?Trsac), Krivaja, (?Vidkovac), [word indistinct], and (?Kodrovi). They have been bringing fresh forces and military hardware all the time, especially to the area around Vidkovac and Pecigrad. Karadzic's chetniks on the Bihac, Bosanska Krupa, and Buzim part of the front have been attacking with antiaircraft arms. Their infantry arms provocations lasted the entire day, while their sniper fire has intensified, too. The reliable reports claim that there are indications that Abdic's war-mongering headquarters in Velika Kladusa has been arresting the workers of [words indistinct] and marching them through the town as captured members of the 5th Corps.

Muslim, Croatian Cease-Fire Violations Reported

LD1606171794 Belgrade TANJUG in English 1651 GMT 16 Jun 94

["Pool" item]

[Text] Zvornik, June 16 (TANJUG)—Bosnian Moslem and Croat forces continued to violate the one-month ceasefire in Bosnia-Herzegovina, Bosnian Serb military sources said Thursday [16 June]. Bosnian Moslem and Croat troops, whose political leaders three months ago signed a U.S.-mediated federation agreement, continued offensive action in numerous areas of the former Yugoslav republic. Around the town of Orasje in the Posavina region of northern Bosnia, joint units of Bosnian Croats and regular Croatian Army troops made sporadic artillery attacks on Serb positions.

Soldiers from the regular Croatian Army have been deployed in and around Orasje since the start of the Bosnian civil war in April 1992. The Bosnian Serb forces suffered no losses in the latest attack and did not return fire, Serb military sources in Brcko said early on Thursday. Bosnian Moslem forces opened mortar fire on Teslic, a town in northern Bosnia, wounding six civilians, including two children, Serb military sources said. The Moslems also launched attacks in a wide region around the northern Bosnian town of Doboj and the Borci region between Kalinovik and Konjic in eastern Herzegovina. Heavy Moslem artillery attacks were also reported around Kladanj in eastern Bosnia. Bosnian Serb sources reported that Moslem units opened fire in the Sarajevo region, firing mainly into Sarajevo's Serb residential areas of Ilijas and Hadzici.

UN Spokesman: No Information on Banja Luka

LD1606222394 Belgrade TANJUG in English 2137 GMT 16 Jun 94

["Pool" item]

[Text] New York, June 16 (TANJUG)—The United Nations has no information about any "ethnic cleansing" being practiced in the Bosnian Serb town of Banja Luka, a U.N. spokesman said on Thursday [16 June]. The statement was prompted by a NEW YORK TIMES report from Sarajevo alleging that an "ethnic cleansing" campaign in Banja Luka in western Bosnia-Herzegovina has intensified and that more than 3,000 Moslems and Croats have fled the town under Serb pressure in the past two months. The U.N. secretary-general's spokesman Joe Sills said that a Moslem offensive had abated after having raged for weeks and that the truce signed by Bosnia's belligerents at Geneva on June 8 was holding in the main, except for fierce fighting around Bihac in the west between rival Moslem factions loyal to hardliner Alija Izetbegovic and his moderate opponent Fikret Abdic.

Abdic and his supporters rebelled against Izetbegovic's war-mongering policy and last autumn proclaimed their autonomous province of western Bosnia and signed peace accords with Bosnian Serbs and Croats. Sills said that Bosnian Serb forces had been holding a Nordic medical convoy near Rogatica, southeast of Sarajevo, for the past three days in violation of an agreement on free passage throughout Bosnian territory. Asked if it was true that the convoy had refused to submit to a routine check, Sills replied that, according to his information, the Serbs were asking for more than a routine check, which he said was giving rise to concern.

'Massive' Arrival of Islamic Troops Noted

LD1606161894 Belgrade TANJUG in English 1509 GMT 16 Jun 94

["Pool" item; By Stevan Cordas]

[Text] Belgrade, June 16 (TANJUG)—Massive arrival of troops from Islamic countries to Bosnia-Herzegovina, where they are joining the United Nations Protection Force (UNPROFOR) threatens to turn the U.N. "blue helmets" into "green" ones. Around 1,500 Turkish, 3,000 Pakistani and 1,200 Bangladeshi troops are expected to arrive in Bosnia next summer. When all the planned troops have arrived, UNPROFOR will have

soldiers from as many as six Islamic states—Turkey, Pakistan, Malaysia, Egypt, Jordan and Bangladesh.

The current situation indicates that this may not be the final figure becuase some other Islamic countries have showed great interest in sending their own peacekeepers to Bosnia. Those who know the situation in Bosnia claim that massive arrival of troops from Islamic countries had been initiated by Bosnian Moslem leader Alija Izetbegovic. He needs peacekeepers from Islamic countries for two reasons. The first one is that they would give him an additional military power under the current conditions of the arms embargo. The other one is connected with the attempt to Islamize Bosnia.

Izetbegovic's intentions are clear. Well-informed sources believe he will try to use Islamic peacekeepers for strengthening the influence of Islamic fundamentalism in the Bosnian Moslem enclaves. Some analysts in the West claim that most of the Moslem population in Bosnia is not inclined to Islamic fundamentalism. Izetbegovic must therefore be backed by a real power in his effort to 'persuade' his own people that it is necessary to accept Islamic fundamentalism.

So-called holy warriors from Islamic countries, who have been fighting alongside Bosnian Moslems since the beginning of the civil war, have not had much success so far in helping Izetbegovic implement that ideology. On the contrary, their behaviour has turned many Bosnian Moslems against them. Izetbegovic therefore needs 'fresh forces' with the image of peacekeepers and he has found such troops in Turkey, Pakistan, Bangladesh, etc.

There is an impression that the world's most powerful factors involved in the the settling of the Bosnian conflict are indiferently watching the arrival of troops from Islamic countries to Bosnia. Such a stand can be understood only as yet another in a series of expressions of support to the Bosnian Moslem side since the beginning of the war. U.N. Secretary-General Butros Butros-Ghali has found himself in an awkward position because Western countries are not ready to send fresh troops to Bosnia. On the contrary, the most powerful countries are indicating the possibility of withdrawing their peacekeepers.

On the other hand, Islamic countries have no problems in financing their peacekeepers serving as part of UNPROFOR. Under the circumstances, Butros-Ghali has no other option but to accept what is offered. Consequences of such an attitude, however, do not seem to be considered.

Chairman of Croatian Caucus on Federation

94BA0318B Zagreb VJESNIK in Serbo-Croatian 6 Jun 94 p 7

[Interview with Dr. Vlado Pandzic, chairman of caucus of Croat deputies, by Ivan Sabic; place and date not given: "There Are Differences, But Not Divisions"]

[Text] *Unanimity among Croat deputies is proof of our political will to work on making the Bosnia-Herzegovina Federation a reality, says the chairman of the caucus of Croat deputies.*

We spoke with Dr. Vlado Pandzic, the chairman of the caucus of Croat deputies, right before he left Sarajevo, where he had participated in the session of the Constitutional Assembly of the Bosnia-Herzegovina Federation, and then in the session of the Bosnia-Herzegovina Assembly that followed as a continuation. The reason for our interview was in fact these two meetings, and Dr. Pandzic had this to say in evaluating the results achieved:

[Pandzic] Everything that was anticipated was also done, so that I can say that a big step was taken in realizing the Federation Constitution. The federation got a president and vice president, and certain decisions, drafts, and proposals for laws were adopted, which are a precondition for carrying out the further work of setting up the federation.

[Sabic] Were there any changes in mutual relations between the first and second sessions of the Constitutional Assembly, was there any discernible change in the prevailing atmosphere in the Assembly meeting rooms?

[Pandzic] One could say that the atmosphere was better at the second session, that work proceeded somewhat faster.... As with any beginning, at the first session there was a certain amount of disorientation, but nevertheless we overcame that successfully. It is important that at both the first and the second session a high level of preparedness on the part of the deputies was discernible, there were no "derailments" from the agenda, the deputies demonstrated the will to achieve what had been planned, while at the second session one could discern a little more certainty that everything on the agenda would be completed at that session. Perhaps it can be said that some individuals stood out in terms of their disorientation, but that does not essentially alter the overall impression.

[Sabic] No less than two months passed between the enactment of the federation and the election of the federation's leaders, but the Constitution states that they be chosen as soon as the Constitution is adopted. Do you think that the next steps will not fall that far behind schedule?

[Pandzic] I call those two months lost time, which does not mean that that should be understand literally, because during that time some doubts and disagreements were resolved, everything that had generated a certain level of tension. Perhaps we could have taken several more steps during those two months, but I think that we will pick up the pace a little. This is reflected by the fact that in two weeks there will be another session where the government will be elected.

[Sabic] The last session of the Constitutional Assembly was interrupted by unexpected breaks, the session began

late.... It is surmised that there were disagreements that had to be ironed out behind closed doors.

[Pandzic] A certain number of deputies arrived in Sarajevo late, and because of that the session was late in starting, so that on the first day of the session only a small part of the planned business was covered. The next day, in fact after meetings between the chairmen of the caucuses and the Assembly presidency, full agreement was reached. And right before the election of the federation president and vice president, there was a brief interruption in the session. The chairman of the Assembly wanted to fully clarify the issue so that unnecessary questions would not be raised later on, and for that purpose he organized a short meeting. It must be kept in mind that the Assembly is meeting in Sarajevo, a city that is completely encircled, in a hall that cannot be called adequate, while the Serb forces are positioned all of several hundred meters away.

[Sabic] It can often be heard in Sarajevo that there are plenty of Croat deputies who are opposed to the implementation of the Federation Constitution. Is that perhaps one of the reasons for the delays in the session?

[Pandzic] It cannot be said that there are no differences in views of the federation agreement. However, that is not discernible in the Assembly itself. The differences are more evident at meetings of the caucus of Croat deputies, there one might get certain impressions that could not exactly be called the best, but that must not be the real conclusion. The most essential thing is that all Croat deputies raised their hands for the Federation Constitution.

[Sabic] Both from the Assembly podium and on other occasions, you often emphasize the unanimity of the Croat deputies in expressing their views on any issue. Why do you think that such unanimity is essential?

[Pandzic] It would be enough to determine that there is a majority. Still, I think that it is not unimportant to mention that there is unanimity, because that, among other things, refutes the allegations of a supposed division among the Croat deputies. Through unanimity, we demonstrate our political will to work on making the federation a reality.

[Sabic] For deputies who live outside Sarajevo, the fact that they receive meeting materials immediately before the session begins is a big problem. Will there be changes in that in the future?

[Pandzic] That is indeed a rather big problem that also made the deputies' work more difficult. Very few people managed to read through everything that they' were supposed to. I must say that this time these materials were very well prepared, very precise, that they did not raise issues that slow down the work, and some of them, the Federation Constitution for example, we received printed in both the Croatian and the Bosniak language. It was agreed that in the future materials will be provided in a timely fashion, so that this problem too will be removed from the agenda.

Negotiations With Serbian Krajina Canceled

Croat Reporters Denied Access

LD1606134694 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 16 Jun 94

[Text] We have just learned that the negotiations between representatives of the Croatian authorities and the Serbs from the protected zones have been canceled due to the Serbs' refusal to allow representatives of Croatia's media to attend the talks. This is what international mediator Kai Aide said at a news conference which ended a few minutes ago at the UN Protection Forces headquarters in Zagreb. The international mediators will try to reach agreement on another date for these negotiations.

Martic Protests New Conditions

AU1606162894 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 16 Jun 94

[Text] Negotiations between the republic of Serbian Krajina and the Republic of Croatia, which were supposed to convene today in Plitvice, have been called off. As was announced, the two sides were to talk exclusively about economic issues. Here is Branislav Bozic reporting from Plitvice:

I cannot tell you why the negotiations have been called off. They called me on the phone from Zagreb at 1345 and I was told that the negotiations had been called off since an agreement had not been reached on the details of the negotiations. I was also told to withdraw my people, and this is exactly what I am doing at the moment. This is what Colonel Bill Morton, a Canadian who is deputy commander of the South Sector in charge of organizing the conference, told us half an hour ago.

After that, we contacted Milan Martic, president of the republic of Serbian Krajina, and he told us that the Croatian side has set forth new ultimatums and is still conditioning the negotiations on bringing five of their correspondents and all U.S. correspondents who are in Zagreb, although a reciprocal decision was agreed upon during the preparations to the effect that only one of their correspondents and one cameraman can come, as was the case during the Zagreb talks, when only one correspondent and one television cameraman from the republic of Serbian Krajina were there, Martic said.

These negotiations obviously do not suit the Croatian side and they clearly want to not only postpone but interrupt them and accuse us in order to be able to carry out the war option. It is known that they are amassing forces along the borders of the republic of Serbian Krajina.

RSK Foreign Minister Comments

LD1606183894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1724 GMT 16 Jun 94

[Text] Knin, 16 Jun (TANJUG)—The government of the republic of Serb Krajina [RSK] has done all it can over the past couple of days to continue the negotiating process with the Republic of Croatia on principles of equality and respect for the sovereignty and interests of the RSK, RSK Foreign Minister Milan Babic said in Knin today.

We did not make the continuation of the talks conditional on anything, but Croatia yesterday began its blockade of the negotiating process in a bizarre way—with a banal demand to allow five Croatian reporters to attend and cover the Plitvice talks. By substituting form for substance, they set this as the condition for the resumption of the talks. They managed to block the negotiations, as they had decided beforehand. They even proposed a final text of the agreement they wished us to sign in Plitvice, the ISKRA news agency quoted the Krajina foreign minister as saying.

We expect international factors to do all in their power so the peace process with Croatia could resume with the aim of achieving a lasting peace, which is in the interest of the Serb people and other members of the international community, Babic said while commenting on the postponement of the talks with Croatia.

Croatian Delegation Head Comments

LD1606185094 Zagreb HTV Television in Serbo-Croatian 1730 GMT 16 Jun 94

[Text] The talks on economic issues between the Croatian authorities and representatives of Serbs from the UNPA [UN Protected Area]—which were scheduled to take place today—have been canceled. Local Serbs refused to attend a meeting on the previously agreed terms. The most controversial questions concerned the agenda and issues in connection with delegations and the presence of Croatian journalists. Hrvoje Sarinic, the head of the Croatian delegation to talks with the Serbs, explains why the discussions were canceled.

[Begin Sarinic recording] The Serbs gave as a pretext our request that you, the media, should be present. My stand was very firm. I said that if the media are not present then the Croatian delegation will not come to the talks either. I think that the presence of the media is an indication of civilized behavior—I would even say a question of general culture—pardon me if I speak sharply—and of decency. Why do I say decency? Because it was my initiative to invite the journalists from the UNPA. Your colleagues came here to witness the signing of an agreement on the cessation of hostilities. Enough said about this; let there be no speculation about who is to blame for the talks not taking place. Of course, the Serbs will most likely try to shift the blame on to us. I can

say that had it not been this reason they would have thought up some other one. At this stage they are clearly not prepared to talk.

If they were to talk they would want to discuss certain points of the agenda which they would like to stick to—and these would certainly not be acceptable to the Croatian side. In particular, after the Zagreb agreement they interpreted the accord as if they had been given a state and now they have to solve some vital problems, such as water, electricity, equipment, and so on—problems that are normally solved by other states, such as Italy, Austria—among themselves. This is of course a stand that Croatia cannot accept and that we will not and cannot accept. [end recording]

General Bobetko's Speech to 114th Brigade

94BA0318A Zagreb VJESNIK in Serbo-Croatian 6 Jun 94 p 2

[Article by S.K.: "Anniversary of 114th Brigade of Croatian Armed Forces"]

[Text] *The Croatian Armed Forces [HV] has not completed its mission until we have returned the dead to their graves and the living to their homes, said Corps General Janko Bobetko.*

Split—The third anniversary of the founding of the 114th Brigade of the Croatian Armed Forces—the first reserve brigade of the HV—was celebrated Sunday with a ceremony at the Croatian National Theater in Split in the presence of numerous guests, led by the chief of the HV General Staff, Brigadier General Janko Bobetko. Besides the soldiers, officers, and NCO's of the 114th Brigade, the ceremony was attended by the families of the fallen members of that brigade and by disabled veterans of the homeland war.

On that occasion, Gen. Janko Bobetko conferred 18 old-style flint pistols on the most prominent members of the 114th Brigade, and the names of the fighters in this brigade who have earned the praise of the president of the republic, the chief of the HV Main Staff, and the commander of the Split Corps Region were read aloud before the entire audience.

Addressing the honored soldiers and guests, Gen. Bobetko emphasized the leading role played by the 114th Brigade in the homeland war. "If it had not done what it did on the southern front, and in the Neretva valley, together with other HV units, we would not have Dubrovnik today," Bobetko said. He specifically addressed the families of the fallen fighters and the disabled veterans of the homeland war, stressing that they owe Croatia nothing, but that Croatia owes them everything. He also told the members of the 114th Brigade that the Croatian Armed Forces has not completed its mission "until we have returned the dead to their graves and the living to their homes."

The 114th Brigade of the HV was founded on 1 June 1991, and its first commander was now-retired Brigadier Ante Catlak. It was established to defend the people of Split, Omis, Trogir, Solin, and Kastel. Its military missions took it through Svilaja, Kijevo, and Vrlika to the Neretva valley and Dubrovnik. Its current commander, Major Slaven Zdilar, gave special emphasis to the brigade's role is halting Mladic's hordes in January 1992, when they attempted to penetrate all the way to Split. Among the 114th Brigade's important operations was the maritime landing of 104 soldiers at besieged Dubrovnik in October 1991 and that battle of Bosanci above Grad, which defined the defense of Dubrovnik.

Over the past three years, nearly 6,000 soldiers have passed through the 114th Brigade; 70 of them have given their lives for a free Croatia, and 200 of them have been wounded.

At the afternoon ceremony in the "Split" Hotel, the families of fallen Croatian defenders from the Split-Dalmatian Zupanija were given "Zrinski i Frankopan" medals.

Serbs, Montenegrins Doubtful About Census Plan

LD1606132294 Belgrade TANJUG in English 1252 GMT 16 Jun 94

[Text] Skoplje, June 16 (TANJUG)—Some 250,000 members of the Association of Serbs and Montenegrins in the Former Yugoslav Republic of Macedonia (F.Y.R.M.) will not boycott the upcoming census, but have doubts as to its regularity. Association President Nebojsa Tomovic assessed that the census was designed to provide a basis for dividing the F.R.Y.M. between the Macedonians and ethnic Albanians. It was also to enable federalization of this republic after the American-designed model used in the case of the Bosnian Moslem-Croatian Federation.

The F.Y.R.M. has a population of about two million, according to the latest census in 1991. Ethnic Albanians accounted for 21 percent, although they claim their number was higher. "All this is being prepared behind the back of the Macedonian people, and the in-the-field decisions are being taken by American politicians according to intructions from Washington. The Serbs in Macedonia fully share the fate of the Macedonian people and oppose such U.S. plans on federalization of Macedonia," he said.

The census, Tomovic added, was designed to reduce the number of Serbs in the F.Y.R.M. to an insignificant figure and thus eliminate their influence on the final outcome of such plans. Tomovic described as a provocation by the Macedonian authorities the fact that many Serb nationals—originally from Serbia's southern province of Kosovo and Metohija—when obtaining F.Y.R.M. citizenship papers discovered that Macedonian police had put down they came or were born in the "State of Kosovo".

A strong separatist movement of ethnic Albanians, demanding a separate state and its secession from Serbia, was active for the past two decades in Serbia's southern province of Kosovo and Metohija. The Serbs and Montenegrins were increasingly frequently questioning the validity of the upcoming census, and even their participation in it because of the rigorous conditions set by citizenship legislation. Among other things, it requires 15 years of permanent residence in the F.Y.R.M. to obtain Macedonian citizenship.

It is believed that several thousand Serbs and Montenegrins would not meet the conditions required for obtaining citizenship. In this way, the participation of the Serb community in the overall population of the F.R.Y.M. would drop. The F.R.Y.M. authorities, say Serbs accounted for about 2.2 percent of the population, while the Serbs there claim they number about 250,000, or above 10 percent.

Serbian Bank Not Paying Out Deposits

AU1606152894 Skopje MIC in English 15 Jun 94

[Unattributed report: "The Clients' Money Is Not at Karic Bank"]

[Text] The delay in the payment of the savings deposits at Karic Banka has been lasting for 10 months now. In this period, the payment of the denar savings was carried out in limited amounts and with deferred payment. The citizens were able to withdraw 1,000 denars ($22.2) only as monthly interest, while they could not get the rest of the principal and interest. Firstly, the clients were offered to extend their agreement for fixed term deposits to another three months and then withdraw their principal and interest, but even after this period of time, they did not get anything.

There are often quite unpleasant scenes between the clients and the bank clerks at the bank, sometimes the sums of the minimal paid interests are written in Serbian language, and in dinars, instead of denars. Karic Banka does not have a guarantor in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. The National Bank of Macedonia only guarantees for those banks which are registered according the new law, that is , which received working licenses. Karic Banka is a branch bank of a foreign bank and has the same treatment as the business units of other banks which have head offices outside the state and which are guaranteed for by that foreign state. This means that the clients are only left to settle the agreement signed at this branch office in the court in Belgrade, which gives little hope when it is known that also in Serbia, the citizens were cheated out their money by the Serbian banks "Jugoskandik Banka" and "Dafiment Banka".

In September last year, Karic Banka had a debt to 8,000 clients of up to three million German marks and then it was said that this debt would be taken over the bank AKA, which opened a representation in Skopje and which is the first foreign branch bank registered in Macedonia. However, AKA Bank is disassociating itself from any connections with Karic Banka. It works with the economy, that is, crediting companies, but not the population. Although the public knows about the connection between AKA and Karic Banka for some time, AKA Bank denied this, these days.

Relations With Italy, Croatia Assessed

AU1606164994 Ljubljana Radio Slovenia Network in Slovene 1700 GMT 15 Jun 94

[Report by Nadja Pengov on the session of the parliamentary Foreign Affairs Commission in Ljubljana on 15 June]

[Text] In the closed part of the session, the parliamentary Foreign Affairs Commission discussed Italy's behavior toward our country regarding our integration in the European Union, the visit of the president of the state to Zagreb—President Kucan briefed the members of the parliamentary commission himself—and a report by the Commission's three-member working group for borders that visited some villages yesterday. The report concerns four villages on the other side of the Dragonja River and on the other side of the border crossings with Croatia where, in the past, the authorities of Piran and Buje communes used to intersect. The majority of the villagers there believe that they belong to Slovenia. The working group is of the same opinion. The Commission proposed that Slovenia does everything necessary to keep the villages in our country.

Regarding the visit of President Kucan to Croatia, during which he held talks with President Tudjman and Prime Minister Valentic—as the Commission emphasized, a visit that again passed in the absence of our foreign minister—the members were of the opinion that it is high time for the countries to finally start discussing numerous problems that are burdening relations. The agreement about this, as [the head of the Foreign Affairs' Commission] Zoran Thaler said, could be reached during preparations for the July visit of Prime Minister Valentic in Ljubljana.

Now about the third topic, which was discussed in the part of the session closed to the public—Italy's attitude toward our country and the measures to slow us down in drawing closer to the European Union.

[Begin Thaler recording] The essential question that we asked ourselves is: What are the actual interests of Italy? Is what the Italian Foreign Minister—who likes to say that these are minor problems that are already being resolved and that, after their resolution, Italy will gladly support Slovenia's membership in the European Union—is saying also true, and is the agreement about these so-called minor issues truly sufficient for Italy to change its policy toward Slovenia?

Our logic is quite the opposite and, we believe, also more rational. We believe that the interests of Italy would be much better served if Italy was the one to encourage and, in a way, push Slovenia closer to the European Union. [end recording]

The Commission proposed that the government intensify its contacts with the 11 EU members and the arguments for the resolution of the position of the Slovene minority in Italy, which has recently deteriorated again. As Thaler assured, Slovenia will prepare a detailed dossier about the results of the Fascist repression upon the Slovenes between the years 1918 to 1941 and will inform the European public of the findings. In this way, the second side of the medal to the questions and demands regarding property of the former refugees will also be known.

It will also become clear that the raising of the issues regulated with the Osimo Agreements could have further consequences for the European territory and that this is not merely a matter of Slovene-Italian relations. The Commission is of the opinion, Thaler emphasized, that the agreements between Italy and Slovenia are internationally and legally valid. Any possible new questions should be resolved to mutual satisfaction and not through blackmail.

Federal

Defense Minister Discusses Army Development

AU1606184994 Belgrade VOJSKA in Serbo-Croatian 9 Jun 94 pp 6-7

[Interview with FRY Defense Minister Pavle Bulatovic by Radoljub Matovic and Milorad Pantelic; place and date not given]

[Text] "We are successful in developing the defense system of the Federal Republic of Yugoslavia, although the circumstances in the country and its neighborhood are very complicated. Defense and safety are two vital functions in the Federal Republic of Yugoslavia, which has decided to establish and organize a professional, powerful, well-equipped, and efficient military force. In other words, we would like to develop a military force that will be able to avert an aggression against our country and that is capable of defending our territorial integrity, freedom, and independence in case of an aggression," Pavle Bulatovic, the federal defense minister, said in his first interview for VOJSKA.

[VOJSKA] To what extent is the defense concept being manifested?

[Bulatovic] It is clear that a military force and a defense system in general depend on the financial possibilities of the country, but also, vice versa, the power of a country depends on the capabilities of its military force, which should defend it, thus enabling it to prosper in freedom.

The Constitution of the Federal Republic of Yugoslavia unified its defense system, and this concept is being consistently materialized in the republics of our federation. In other words, the republican defense ministries have practically been abolished and the Federal Ministry constituted. Defense is a portfolio in the Federal Government. There are problems with the materialization of our defense concept, but they cannot affect the defense system as defined by the Constitution.

It is clear that the federal state had to define what kind of a military force it wanted and how big it should be, and it did so. We have to bear in mind that a powerful military force is the aim we want to achieve. This aim cannot be achieved overnight. Especially not because we are trying to develop our army under the conditions of a war and economic sanctions, which means with very little financial means. The Federal Government and the Federal Defense Ministry do not have any additional funds that would make it possible to speed up the organization of the army, so that the only approach, which must be applied consistently at all command levels, is to be rational and set priorities.

Our multiparty system requires us to reach a consensus in all important issues, especially in the field of national defense. This must be binding for all parties, regardless of their political programs. Conflicts between political parties must not affect the defense system.

[VOJSKA] The Yugoslav Army must not be accused of the disintegration of Yugoslavia any longer.

[Bulatovic] The question of who caused the disintegration of Yugoslavia is very complex. Nobody has treated this issue seriously yet. This is necessary, though. It is more than obvious that the Socialist Federal Republic of Yugoslavia [SFRY] was a fragile structure since it collapsed at the first nationalist attacks and influences from abroad.

The former Yugoslav People's Army is unfoundedly accused of the disintegration of Yugoslavia. Seen from the point of view of history, the army has always defended freedom in this area, and politics has always chosen the state it wanted. In my opinion, the Yugoslav People's Army could have done only two things—either to execute the orders given by its supreme command, the SFRY Presidency, or to stage a coup. The military leadership chose the correct solution; everything else is speculation since we cannot know whether Yugoslavia would have collapse also in the case of a coup, whether more or less blood would have been shed.... We must not allow wrong assessments made by individuals from the former Yugoslav People's Army to be ascribed to the Yugoslav Army. The phenomenon of treason has always been present in this area, but always as an act committed by an individual, not as collective hypocrisy.

[VOJSKA] The defense of Yugoslavia is a right and duty of all our citizens. Still, some do not want to fulfill this obligation.

[Bulatovic] This is a big and complex problem. It is necessary that the state is accepted and respected by all of its citizens if we want them to accept its defense as their duty. Unfortunately, there are still people who have not accepted the Federal Republic of Yugoslavia as their state. Would the use of repressive measures mean that they accept our state, its leadership and policy, or will it only be the implementation of laws? It is not only necessary to find rational political solutions to controversial matters, but also to apply legal regulations.

There must be no quarrels about certain questions, especially about the territorial integrity of Serbia, Montenegro, and Yugoslavia in general. No negotiations are possible about this topic, neither in Yugoslavia, nor abroad, since this state is the result of historical processes and desperate struggles for freedom. Nobody has the right to argue about the blood shed in this area.

[VOJSKA] What is the destiny of peace in the Balkans, and who will, in your opinion, decide about it?

[Bulatovic] Major powers are following their interests and are creating the spheres of their interests in the Balkans. It is clear who does not want peace; the Serbs in Yugoslavia and in the former Bosnia-Herzegovina certainly do want it.

I would like to remind you that the aim of the aggressors in the two world wars was to exterminate the Serbian and

the Montenegrin population, but they were not successful. What was not achieved then is beingdone in a much more perfidious way now—by waging a low-intensity war against us, without spreading into war conflicts. The Serbian and Montenegrin people have to defend their freedom decisively, as they have done during the course of history. They have no other choice.

Many assessments have already been made, but I would like to remind you of the words uttered by Mr. Jovan Cvijic that the Serbs are guilty only because they built their house in the middle of the road. The house has to be defended because it is obviously an impediment to the interests of major powers. They do not want to allow us to live peacefully in our house.

[VOJSKA] The required high professionalism of the army collides with the modest financial means Yugoslavia can invest in it. What is done in order to find a solution to this contradiction?

[Bulatovic] There is really a striking discrepancy between our wishes and our financial power. This problem is often discussed at the Federal Defense Ministry and in sessions of the Supreme Defense Council. There is understanding in military commands and units that financial means are restricted and that priorities have to be set. By additional efforts of army members, it is possible to perform key tasks and keep the combat readiness of our defense system on the required level. The recovery of country's economy is encouraging, so we can hope that more means will be devoted to the defense system soon.

[VOJSKA] When will the organization of the Federal Defense Ministry be adopted?

[Bulatovic] We have not completed the organization of our Ministry yet. We are intensely working on it, however. There are still some questions that have to be solved. After that, we shall present the scheme of our organization to the Federal Government for adoption. This will happen soon.

[VOJSKA] The protection of civilians has been taken over by the Federal Defense Ministry, too. What problems accompany this procedure?

[Bulatovic] The tasks that had been performed by the republican ministries before the new Law on Defense was adopted were taken over by the Federal Defense Ministry at the end of last year. It was not a simple operation, since a completely new defense type had to be developed. We did not only take over these tasks from the republican ministries, we also employed their employees in charge of defense tasks. I can tell you that radical changes are foreseen in this field. There is a lot of work, but I believe that we shall be able to manage it.

[VOJSKA] You have stressed on several occasions that it is necessary to transform the military industry. What are the concrete measures you have proposed?

[Bulatovic] As you know, approximately 48 percent of capital assets of the former military industry have remained on the territory of the Federal Republic of Yugoslavia. Forty-six percent of the former employees have also remained. We have inherited almost all the scientists and researchers and other respectable personnel, as well as laboratory resources.

In cooperation with the Army of Yugoslavia General Staff, the Ministry has successfully organized the manufacturing process of priority weapons and military equipment. It is only natural that the present financial possibilities dictate our behavior in this extremely important field.

The Federal Defense Ministry will make use of its military industry facilities according to the criteria of economic feasibility. In other words, it will act according to market economic principles wherever this is possible. Since the market economy has been introduced, it is necessary to reorganize the military economy. The Yugoslav Army cannot invest in new facilities and technologies in order to develop complex combat and noncombat systems. It can only buy certain products from the "list" of the existing equipment in various units and commands.

One of the reasons we have not completed the process of military industry transformation is that the respective federal laws are late, too. The new law on companies will give the institutional framework for a more efficient organization and transformation of the military industry that will be adapted to the economic system of the country and to the needs of the Yugoslav Army.

[VOJSKA] Does this mean that the chances for a quicker technical modernization of the Yugoslav Army are getting better?

[Bulatovic] The Yugoslav Army must be equipped with modern and efficient weapons and technology. This is also the aim of the transformation, but we have to be aware of the reality of our military and political situation.

Technical modernization includes the introduction of efficient combat means, modern rocket systems and optoelectonic means, radio systems protected from surveillance, wiretapping, and disturbances, modern means for fire control etc. Our experts have assured us that the existing combat means can be modernized and developed. Certain complex means will have to be bought abroad. Research and development and manufacturing facilities will be adapted to the already adopted plans for technical modernization.

[VOJSKA] Let us go back to the difficult problem of finances....

[Bulatovic] This is a really difficult question because we only have means to cover the most necessary things and it is difficult to set priorities under the present circumstances. We must not allow our basic defense functions

to be affected, and, on the other hand, we must not allow young personnel to leave. In cooperation with the Federal Government and the Supreme Defense Council we shall do everything in order to prevent this.

[VOJSKA] One of your biggest problems is apartments for your employees....

[Bulatovic] It is well known that there are 25,000 applications for apartments that have to be solved, 17,500 of them were filed by people who have no apartment at all. So far we have succeeded in temporarily accommodating 3,000 Yugoslav Army members with 10,000 family members in military facilities. These people came to Yugoslavia from the breakaway republics. A radical change in the search for solutions in this field will not be possible without considerable financial help from society. Together with the General Staff, we have prepared a special program according to which 10,000 apartments should be built for the Yugoslav Army by the year 2000, but it is still not sure whether this will materialize or not. It is only certain that we shall have 2,000 apartments for our personnel next year. There are numerous other initiatives, but their materialization depends on funds.

[VOJSKA] The Yugoslav Army members who have not become Yugoslav citizens would like to know what their status is.

[Bulatovic] It has been precisely defined by the Constitution of the Federal Republic of Yugoslavia that the members of the Yugoslav Army can only be Yugoslav citizens. There is the same regulation everywhere in the world. The question of Yugoslav citizenship for those people will be solved according to the federal law on citizenship, which has to be adopted. I hope that the bill of law will soon enter the parliamentary procedure.

[VOJSKA] We are approaching 16 June—the Day of the Yugoslav Army. The traditions of both the Serbian and the Montenegrin Armies are rich and long....

[Bulatovic] Our peoples have always cherished the idea of freedom, we have always supported defense politics, politics of peace. We are powerful as far as our willpower and decisiveness are concerned.

June 16 was chosen as the Day of the Yugoslav Army, so that we are approaching its first anniversary. We must not assume, however, that history began on 16 June, or 27 April, or on some other day. We have to avoid mistakes that have been made since 1945, because during this time it was almost degrading to mention Kajmakcalan, Cer, Mojkovac, Kolubara, Skadar, or army commanders Misic, Stepa, Putnik, Bojovic, Janko Vukotic, from whom we could have learned a lot, not only as far as tactics and strategy are concerned, but also as far as the relation toward soldiers and the state are concerned—with adaptations to modern times, of course. Nor must we forget the experiences of World War II, especially from the resistance movement against Fascism.

I am convinced that commanders, soldiers, and other professional members of our army, as well as all those who are contributing to the development of our defense system, work toward a reliable defense system for the Federal Republic of Yugoslavia.

Finally, I would like to congratulate all Yugoslav Army members and the employees of the Federal Defense Ministry on the first Yugoslav Army anniversary.

[Box, p 7]

Who Are Barbarians?

Five hundred years ago we printed our first book in Obod, the "Oktoih." This was our contribution to world culture. Our first book is only a little younger than the United States, whose propaganda machine is now accusing us of being barbarians and monsters who should be wiped off the the face of the Earth for the benefit of humankind.

A nation exists, however, not only based on its biological existence, but also in the light of its contribution to civilization.

I would like to remind you of a dialogue between the army commander Drasko and the principal of the Republic of Venice in "Gorski vijenac," a work by P.P. Njegos that shows that accusations, but not by the Serbian and Montenegrin people, have a long tradition.

The principal is interested in the "Bosnjaci [population of historic Bosnia-Herzegovina] and Arbanasi [population of historic Albania]" and asks Drasko: "If they catch a Montenegrin, either dead or alive, will they eat him up, or what will they do with him?"

Drasko answers: "How would they eat him up, for God's sake, a man cannot eat a man!"

It is obvious who would like to change the roles now....

Perisic Discusses Transformation of Army

LD1406180894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1400 GMT 14 Jun 94

[Text] Belgrade, 14 Jun (TANJUG)—Colonel General Momcilo Perisic, chief of staff of the Yugoslav Army, said this evening in an interview for Serbian Radio and Television's first program that soldiers are never the ones to decide whether there would be war or not.

In his interview on the occasion of 16 June, Yugoslav Army day, General Perisic stressed that if it were up to soldiers to decide on matters of war and peace, they would always opt for peace, because professionals are well aware of what war entails and how extensive material destruction can be.

As a professional army, we have been carrying out orders issued by state structures and implementing political decisions.

The transformation of the Yugoslav Army, Perisic underlined, is primarily based on the establishment of state control over national defense, that is All National Defense [Opste Narodna Odbrana], on a new military doctrine, and other recent regulations. The basic objective is for us to remain masters in our own home, to defend the territorial integrity of the Federal Republic of Yugoslavia [FRY], that is of the Serbs, Montenegrins, and all national minorities, because this is a bourgeois state. It is important to develop the defense capability of society as a whole, especially the army's combat readiness—not in the sense of deploying this army outside the borders of the FRY but, first and foremost, of preventing any aggressor from threatening the country's security.

The transformation of the Yugoslav Army is based on a series of real factors. This transformation fully corresponds with our doctrines, that is, with the protection of the population of our country. First and foremost, we are bearing in mind the real threat coming from abroad. We are also bearing in mind our real material capabilities and, of course, our human resources.

In addition to this, we had to create units that are capable enough of preempting surprise threats in peacetime and at the same time flexible enough in wartime to create a massive army in a short period of time. Naturally, the transformation of the Yugoslav Army is an ongoing process, a process that encompasses everything—ranging from organizational and structural changes, to the modernization of weaponry and equipment and the army's visual identity.

Commenting on the fact that the largest part of the military industry has remained on the territory of the former Yugoslavia, Perisic said that the loss of territory and military industrial facilities is certainly a problem besetting today's Yugoslav Army and the overall defense capabilities of society. By carrying out an organized evacuation we nevertheless managed to capture most facilities and to save all our technical blueprints. Thus, while carrying out the transformation of the Yugoslav Army, we are also securing conditions for manufacturing vital pieces of combat equipment in our factories.

The modernization of the army refers primarily to the modernization of the combat training system and supplying the army with new hardware, i.e., weapons and systems. During this period we have managed to replace or substitute the manufacture of the equipment we used to have until yesterday, either by modernization or by utilizing the collective scientific brain. We have managed to develop some new equipment which replaces the equipment we used to manufacture, only it has far better features, i.e., far better combat specifications, the chief of staff stressed.

"In the light of the economic blockade of our country, in the light of the fact that a war was and still is being waged in the area of the former Yugoslavia, all of this has a negative influence on our total economic power and, consequently, on the Yugoslav Army too. Anyone who ignores the correlation between a country's economic potential and the financial resources earmarked for the army harbors unrealistic views. This is why the budget earmarked for the Yugoslav Army is precisely as big as our society could provide at a given moment, namely 7.43 percent of the national product."

In response to the criticism that the Yugoslav army has perhaps retained some characteristics of the former Yugoslavia, the general said: The multiparty system has been introduced in our country, and many party leaders would like to have an army that suits them and, consequently, not everyone's wishes can be fulfilled. The most dangerous thing for any army, in any multiparty society, is the possibility of political parties interfering in the army's personnel policy. The sharpest criticism has been that the army has been depoliticized through the process of transformation. We pay great attention to the personnel policy, and we know—and this is perhaps the greatest contribution to the transformation of the army—that the Yugoslav army units are now being led by exceptionally capable people, people of great knowledge, ability, dignity and pride, people who are prepared to and capable of predicting events and making decisions in line with the combat capability of their units and the overall potentials of our society.

It has always been, and still is, very important in the training and education of officers for them to be honest toward their own people and their soldiers, and to be exceptionally shrewd regarding their enemy.

However, unfortunately, due to wrong training of the officers in the Yugoslav People's Army [former Yugoslav army—JNA], all their capability was directed toward organizing themselves and leading the army so as to protect the country from an external enemy, completely ignoring the possibility of an internal enemy. Due to their naivety, many acted in a way they should not have done. Naturally, during this civil war, from Slovenia to Bosnia, many officers were not up to their task, and they fared as they deserved.

A JNA unit under a capable officer did not suffer losses in either its equipment or people, and did not surrender. The Croats and the Slovenes have achieved everything they have achieved by deceit or some other method, but certainly not through armed combat.

Speaking about patriots and patriotism, Perisic said that this human quality develops and grows throughout one's life. That is an exceptionally important quality in the Yugoslav army, I would say a quality without which tasks cannot be successfully completed. Therefore, in some important aspects, the officers must be proven patriots. To be a proven patriot means to be ready to help one's own people in most difficult times, to share the fate of the people, and to be ready for the greatest of sacrifices.

General Perisic went on to say that NATO was set up to protect the interests of its member-states and it ought to be in the service of all these countries equally.

However, it began serving the interests of one country which is the architect of the new world order.

It is completely clear that NATO has somehow been abused, but in the final analysis, its raison d'etre following the disintegration of the Warsaw Pact is pointless, unless it wishes to continue doing what it is doing now.

Of course, many NATO effectives have been brought to the vicinity of the FRY to support forces which took an active part in the disintegration of the former Socialist Federal Republic of Yugoslavia [SFRY], and now in their attack on the republic of Serb Krajina and the Srpska republic; given that they are in our immediate vicinity, they are indirectly threatening the security of the FRY, but we have to know that they are not here only to help the secessionist forces, but also to exert some pressure on our country.

Consequently, our country is under a multifold embargo, on the one hand under a complete economic blockade and on the other surrounded by NATO warships which pose a kind of threat to the security of the FRY. However, as we have much experience, and in the light of the four-year war waged by our compatriots living outside the FRY, we are aware that their presence could in a sudden turnabout bring into question the security of the FRY, and therefore we have been taking certain measures to avoid surprises of any sort.

Perisic said that the civil war on the territory of the SFRY came about because of foreign influence and the skillful use of internal contradictions. As this civil war is primarily based on religious and national antagonisms, rather than on some other factors, there is a danger of it spilling over to the territory of the FRY, following a similar principle. Normally, since the architects of the new world order, when drawing up their scenario, did not reckon with the heroic resistance put up by the people of the two Krajinas, they were halted in some degree. That process has even been paralyzed, and if we continue to be united as much as we have to be in order to protect our national being, then we could even halt that process. Bearing all this in mind, the FRY has been trying to a maximum degree to stop the war on the territory of Bosnia as soon as possible, and in this respect has been offering support to all peace-loving forces in the world in preventing the spread of the war eastward, i.e., to this area here.

Perisic was asked: As they are constantly threatening us with sanctions and bombardment, is there any reason to be frightened?

Perisic replied: "Certainly, when the very fabric of society is endangered a certain degree of fear is inevitable."

"In view of our experience throughout history, as well as the war under way, waged by our compatriots in the Republic of Serb Krajina and the [Bosnia] Serb republic under extremely unfavorable conditions, they have shown us that they could successfully withstand a numerically far superior opponent for four years now; moreover, this opponent is backed by the world media, not only morally but also logistically, including the air force [as received]. The conclusion to be drawn is that the Serbian and Montenegrin soldier, the Serbian and Montenegrin people, and the national minorities are ready and able to defend themselves—with the Yugoslav army as their axis."

The general commented on relations with The Former Yugoslav Republic of Macedonia, which has received UN troops on its territory, most of whom are Americans. Of course, they are not there to protect the Macedonian people, but to set up their bases and, among other things, to help them secure their borders, as the Macedonians neither have the manpower nor the material resources to organize a modern army. However, as the border line is administrative and is not clearly defined, American soldiers are often apt to get lost and cross onto FRY territory, either out of ignorance or misinformation. All of these intrusions have been registered, some were thwarted or took place without incident.

However, since someone in the world wishes to turn every border violation into an incident, we are often accused of this. I had several meetings with the UN commander for Macedonia to this effect, I warned about frequent border violations and he promised this would discontinue. Nevertheless, I am not so sure some of these violations are not deliberate. As far as accusations that Yugoslavia is amassing troops along the Macedonian border are concerned, this is "pure media fabrication."

The situation along the Albanian border is almost identical in the sense of border incidents.

Young men from Kosovo and Metohija and the Raska region, Shiptars and Muslims are dodging military service in the Yugoslav army, and since they are harboring illusions about violent secession, these young men are being sent for military training to various centers abroad through different channels. On their return—by way of testing their abilities and smuggling arms on a grand scale—they are entering our country illegally. As our border patrols try to prevent them from doing this, incidents occur. They are using weapons during these illegal crossings. Unfortunately, these incidents often have tragic consequences for the infiltrators, which the unsympathetic world is exploiting very efficiently in its media campaign against our country, Perisic said.

The Yugoslav army, Perisic said, is a factor of stability for Yugoslavia as a whole, including stability in the region of Kosovo and Metohija, thanks to other elements and the people's support [as received]. I believe that the average Kosovo Albanian, that is Shiptar, would never choose the war option because he can see clearly enough what is happening in regions where people are trying to resolve something by force.

Second, they can also see the living standards of their compatriots in Albania. It suffices to climb a mountain

near the border to realize what a vast difference there is between the economic might and living standards of the Shiptars on this and on that side of the border, for the Shiptars in Kosovo and Metohija are at least ten times better off than their compatriots in Albania. I believe that all they have been creating under the fold of the FRY and Serbia is such material wealth that they would hate losing it in some showdown not of their own choosing, but imposed by their leaders. But they were wise enough not to have accepted this. If they had, they would have lost so much. They are aware of this, so I do not believe such a thing could happen. Even if it does, the army and militia in Kosovo, as well as other social factors, will be ready and able to defend the territorial integrity of their own country.

The Yugoslav army and the FRY leadership are making tremendous efforts through various international factors and through political and military factors in Bosnia to effect peace there as soon as possible—because we know that only peace, not any kind of peace but a just peace, can put an end to destruction and halt the suffering of all three peoples. However, there can be no peace if all three peoples are not equally determined to achieve it.

Will there be fresh aggression, a major offensive?

I am certain that a major offensive is a realistic possibility if the international factors responsible for the civil war in Bosnia do not exert pressure on the Muslims and Croats. I am sure that it will not be more successful than the ones so far, and you know that all of them ended in failure.

If these Muslim-Croat forces, the Muslim-Croat coalition, were to be aided by certain international factors, especially NATO, then the situation would naturally be far worse. However, I do not believe the international community would allow such a thing to happen, and if it did, the consequences would be disastrous, not only for the people of the Srpska republic, but for the entire population of the Balkans, Europe, and further afield.

Perisic commented on Croatian President Tudjman's statement that he would return Krajina into Croatia's borders and its state system by force:

"In view of the fact that there has been a political rift in the Republic of Croatia and that Tudjman is losing ground, everything is possible—he could push the Croatian nation into another war in a feverish attempt to hold on to power. What the chances are to return the republic of Serb Krajina into Croatia's borders are perfectly clear from the operations on its borders so far.

"Even though they engaged the entire country with help from the international community in a war against a far smaller nation, they did not manage to do anything; the Serbs have managed to protect their territorial integrity and did not allow deeper incursions to be made."

How much can inter-party bickering influence the Yugoslav army and how much has the army protected itself from internal political divisions?

"It is obvious that the unity of a country is inevitably reflected in the unity of an army. The army is a social category which in every country, ours included, to a higher or a lesser degree reflects developments in society. The stronger the consensus between parties on vital issues of importance for the survival of a nation, normally the more positively is this reflected on the overall situation in the army, particularly its combat morale.

"The stronger the disunity, the stronger influence it has over the army; but as we have said, the army has been depoliticized, it has got well-built defense mechanisms for the prevention of such negative influences, I think that the party influence on the overall combat readiness of the army is marginal."

The Yugoslav army peace-time force is by its quality and quantity completely equipped to prevent any surprises. It is always capable of taking adequate measures to prevent any surprises, even under the most adverse conditions. This means that a very short period of time is necessary to transform the peace-time force into a war-time force of over 500,000 men, which now completely suffices to protect the nation from foreign threats of any kind, Perisic stressed.

Enterprises Request Second Round of Loans

94BA0313D Belgrade VREME NOVCA in Serbo-Croatian May 94 pp 4-6

[Article by A. Milutinovic: "New Story—Sad Ending"]

[Text] By mid-May, the commercial banks had loaned to the domestic economy about 800 million dinars of credit to "invigorate" production. Thanks to that financial injection, Yugoslav industry increased its output 12.4 percent in February, 21.3 percent in March, and another 3.4 percent in April. At first glance, the authors of the program for monetary reconstruction and economic recovery have reason to be content. But at the same time there are also many reasons to be concerned. In the first four months of this year industrial production is all of one-fifth below what it was in the same period of last year. Let us remind those who are forgetful: The country's social product last year was equal to the one in far-off 1963.

"Overnight Coverage"

The commencement of Avramovic's program was characterized by markedly "animated" credit activity of the banks, which recently has essentially dwindled. Only here and there do you hear that any of the more than 100 commercial banks has granted a new loan to the economy. Faced with this development of events, the National Bank of Yugoslavia [NBJ] has on two occasions tried to get additional funds for new loans by reducing the legal reserves (5 percent at the moment). But that

effect melted away in just a few days, so that many bankers are demanding more and more loudly that the rate of the legal reserves be reduced to zero, that is, be done away with. In that case, that is, every dinar deposited could be loaned out.

The same objective is behind the demand to bring back once again the principle of "overnight coverage," which would mean that the negative balance of any bank could temporarily be covered from the accounts of another bank. Up to now, it was very expensive to go "in the red," and any negative balance had to be covered through a sale of foreign exchange to the central bank, and so the bankers were much more cautious. This, unfortunately, did not last long, and the principle of mandatory coverage of a negative balance with foreign exchange was very quickly abandoned.

Government bodies and agencies are continuing to insist on new bank loans in order to increase output. That is quite understandable. It is in the interest of the state for as many enterprises as possible to be in operation, because that also means fewer unemployed workers, who have to be financed from the garners of the state. At the same time, neither the federal nor republic government nor the central bank really cares all that much in the end whether and when any of those loans will be repaid. The risk falls only on those who actually invest the money in certain firms, and that means the bank and its depositors. Because most bankers are aware that even the banking sector will not be able to survive long without financial rescue, none of them is really all that anxious to reproach those who will later decide whether a bank is going to go into bankruptcy or perhaps be rescued. That is why the present situation might be described in just four words as "shut up and give."

Rescheduling

Incidentally, there is no other way to explain the fact that many firms are coming for a second round of loans when they still have not repaid the first loan. Even though the date for repayment of the principal and the accrued interest agreed to has already passed. Still more strangely, many banks are meeting those demands more and more frequently and in that way turning themselves into "wishing wells," and only the rare ones dare to slam the door in the face of delinquent debtors.

The daily press has been writing about this quite a bit in recent days. The example of the Motor and Tractor Industry [IMT] in New Belgrade is a typical example: On 10 May, it applied for a new loan from Beobanka, although it had not repaid the previous loan of 19 million dinars. In order to improve the chances of their management, the workers at IMT went on strike—instead of asking the top management of their firm where the millions obtained in February disappeared. The colleagues from IMT were soon joined by trade union officials of IMR [Rakovica Motor Industry] in Rakovica, 21 Maja, Precizna Mehanika in Zemun....

It all inescapably reminds us of the old tried-and-true formula. The only essential thing is to "channel in the right direction" the anger of the workers, and the loan is certain to be forthcoming. They are forgetting that this is the best way of destroying the stabilization program for certain. If decisions on the granting of new loans should be made by trade union officials together with inept managers of large firms, this will be a sure sign that the money is going into a bottomless hole. And because there is no bottom, there is no source from which to return what has been borrowed.

Return of the State

In the present phase of realization of the program for economic recovery, the bankers are supposed to forbid access to their vaults to all those who still have not repaid old loans.

Otherwise, they will never again be able to say "no" to anyone. Rescheduling automatically means that there will be no money for projects for which credit support of the banks is also indispensable.

In this connection, there was the rather symptomatic announcement of the most responsible government officials that some firms cannot be left hanging and must be provided new loans although they have not repaid those already granted. This is justified on the alleged grounds that production has still not been rounded out. At the same time, it is not clear why this state does not loose the strings of "its own purse" and finance such programs from the budget, if it is so convinced that the market will confirm their value.

Governor Avramovic himself has been mentioning Zastava in Kragujevac more and more loudly, although it is clear to everyone that the average Yugoslav does not have money for a Yugo, and those who have managed to get rich in a short time prefer a Mercedes. The state must decide once and for all where its interest lies and then finance that itself, leaving everything else to free competition on the market, in which it will not be issuing any indirect orders as to who should do what.

It is clear to everyone that the growth of production is one of the conditions for economic recovery. But people seem to be forgetting that production is not an end in itself and is worth nothing until it finds a customer on the market. What is more, enterprises must discharge their obligations not only to the state, which in spite of all difficulties, has been collecting its tribute quite regularly, but also to the bank from which the loans were taken. Incidentally, if all the loans granted so far had been repaid with interest, nearly 900 million dinars would very quickly build up once again in the banking system. Only then could bankers freely decide how much of that money to lend to whom in the future. This way, one can get the impression that what has been borrowed is being repaid only by firms that have no one of their own in the top government leadership or in the management of the bank.

The Credit Financing of Losing Operation

Attention should assuredly also be paid to the fact that the commercial banks have begun to extend foreign exchange loans to the NBJ. This has already been done by Jugobanka, Beobanka, Investbanka, Union Banka, Komercijalna Banka.... Nikola Stanic, M.A., NBJ vice governor, has even boasted in public that he has had no time for anything except concluding contracts with the bankers for foreign exchange loans. The basis for that is contained in the law recently adopted for the FRY to borrow $300 million in foreign exchange and to use the foreign exchange collected in that way as support for the new dinar. It has already taken in several tens of millions of marks in this way, and this is giving rise to new dilemmas.

Aggrieved foreign exchange savings depositors are wondering how the banks have foreign exchange to lend to the state, when at the same time they say that they are unable to pay them their foreign exchange savings? The bankers justify themselves by saying that this is the foreign exchange of their customers, large socialized or government-owned firms, as though there is writing on every mark, dollar, schilling, or franc saying to whom it belongs and who deposited it in the bank. One gets the impression that this justification does not really hold water. But everything is possible here.

At the same time, the question arises of what interest the bank has here, when we know that the repayment period for those loans is two years, and there is a grace period of one year, and the rate of interest is the rate of interest in the country from which the currency comes? These conditions, which are not overly attractive, give rise to the suspicion that this is some kind of government "racket," so that certain bankers have no other solution than to take the foreign exchange from their vaults and "voluntarily" turn it over to the central bank, that is, to the state.

This version becomes quite convincing when we realize that many firms are ready to offer much more favorable conditions than the state for foreign exchange loans. But for them there simply is no foreign exchange. This suggests the conclusion that it is not all as voluntary as they would like to portray it. For the present, the story about those foreign exchange loans is very much like what happened with the loans to invigorate production. The media are overloaded with the numerous deals that have been concluded, and almost no one asks how and when those loans will be repaid? In what way will the state be able to repay the interest and accrued interest in a period of two years? If it does as it has done up to now—all those who have given their money can say good-bye to it. By way of consolation, there remains the hope that at some point the state might change.

Finally, the conclusion can be drawn that the public will soon be confronted with a new form of credit financing. This time they would have the principal role and would be using their money to help to increase production and support stability of the national currency. The idea of the new loan for "economic rebirth" has been launched by Dr. Dragoslav Avramovic, NBJ governor, with a justification that sounds a bit naive, to the effect that he did not even know about the previous loan and what happened to it. New projects and programs that will compete to use the money obtained by floating the public loan are to be gathered over the next month or two. So, whoever wants to, let them do it. In order to correct at least to some extent the impression, the government would first have to force the enterprises who have so far borrowed money from the banks to repay those loans. Otherwise, the public will not be able to expect its money back either. And that would then mean that there is yet another story on the horizon with a sad ending.

Serbia

Serbs Deploy Mortars Along FYROM Border

AU1606183094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 16 Jun 94

[Text] For over a month now, Serbian soldiers have been entrenching along the border with Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], raiding constantly on the territory of the neighborly country. The Serbian soldiers, who are also deploying mortars along the border, are in the direct vicinity of U.S. Protection Forces soldiers, who have not reacted so far. It is also reported that the Serbian soldiers have entered up to 300 meters into Macedonian territory.

Karadzic Briefs Milosevic on Talks in Russia

LD1606121294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1134 GMT 16 Jun 94

[Text] Belgrade, 16 Jun (TANJUG)—Slobodan Milosevic, president of the Republic of Serbia, today received Radovan Karadzic, president of the Srpska republic, following the latter's return from Moscow. He briefed Milosevic on his talks with Russia's top representatives, particularly with Russia's Foreign Minister Andrey Kozyrev, regarding the peace process in former Bosnia- Herzegovina and efforts to advance it successfully, the office of the Serbian president has announced.

Peace is undoubtedly the highest interest so the Serb side will contribute as much as possible to a political solution to the crisis, the statement says.

As stated, satisfaction was expressed with Russia's unbiased attitude and its efforts to help negotiations between the warring sides in Bosnia-Herzegovina as well as with expectations that the international community secure equal treatment for every participant in this process.

Commentary Views Milosevic's Policy on Bosnia

AU1606195494 Belgrade BORBA in Serbo-Croatian 10 Jun 94 p 12

[Commentary by Cvijetin Milivojevic: "With 'the Front of Peace' Against 'the Coalition of War'"]

[Text] There is no doubt that one of the best informed men in Yugoslavia, who is at the same time the host at the Palace of the Federation, [Federal President] Mr. Zoran Lilic, thought about Radovan Karadzic, Biljana Plavsic, Ratko Mladic, Vojislav Seselj, Milan Babic, and perhaps about Vojislav Kostunica and some other political leaders of the Serbs from Serbia, Montenegro, and Bosnia, after he had been supported by Borislav Mikelic, the Krajina prime minister.

The fact that the president of the Federal Republic of Yugoslavia is virtually only the spokesman of those who concentrated the real political power in their hands, is less important than the fact that Zoran Lilic recently officially proclaimed the things that had started several months ago. Slobodan Milosevic, the Serbian president—who forced himself on the so-called international community as the only relevant representatives of the Serbs and who is aware of the dark economic future of Serbia should the sanctions last for "1,000 years" as he said himself—was allegedly promised by the West that the Federal Republic of Yugoslavia would quickly return to the world if peace and a political solution were reached in Bosnia.

According to this version, it is Milosevic's turn to make a move now. He should, as quickly as possible, force the Bosnian Serb leaders to agree to the 51 to 49 percent division of Bosnia. In return, Serbia and Montenegro would gain the same status in the international community as the other former Yugoslav republics. Through the union of Bosnia-Herzegovina, the state of the Bosnian Serbs would be entitled to reconstruction aid, just like the Federation of Bosnia-Herzegovina. Serbia would profit from the reconstruction aid, too, since it is probable that there would be confederal connections between the Srpska republic of Bosnia-Herzegovina and the Federal Republic of Yugoslavia. At the end of the peace agreement implementation process, the Bosnian Serbs would be allowed to secede from the Union of Bosnia-Herzegovina—if they want to, naturally.

Since the initial idea about the political elimination of Radovan Karadzic, as one of the impediments to this aim, has not proved to be quite efficient, other options are being considered now. One of them is that the president of the Srpska republic of Bosnia-Herzegovina cedes his unpleasant role of signing agreements about the Serbian withdrawal from certain territories to somebody else in order to retain the image he has in the Srpska republic of Bosnia-Herzegovina. The other possibility is to apply the model of Milan Babic's elimination from the leading position and find a new leader. The options include Nenad Kecmanovic, Nikola Koljevic, and some less-well-known people. "Well-informed" sources even claim that the commander of the army of the Srpska republic of Bosnia-Herzegovina [Ratko Mladic] has been offered a high-ranking position in the Yugoslav Army if he is ready to make compromises.

Naturally, all these ideas will not be activated if Karadzic's negotiating team approves of the general model for the partition of Bosnia-Herzegovina. Official Belgrade would compensate them for their approval by insisting that the Serbs "get good territories," first of all the corridor along the Sava River and a part of Sarajevo.

The Federal Republic of Yugoslavia is now working on the creation of the so-called big "coalition for peace," which consists of the following parties, as we have learned so far: the Socialist Party of Serbia, the Democratic Party of Serbia [Depos], the Socialists of Montenegro, and the New Democracy. In order to gain the favor of the West, the regime would especially like the verbally most powerful opponent of the Socialists, Mr. Vuk Draskovic, to enter the coalition. Dusan Mihajlovic—the new New Democracy leader, who is trying to establish contacts between his coalition partners from the republican government and his election partners from DEPOS—has been assigned this task.

That this is not a joke has been confirmed by the event that took place at a recent SPO [Serbian Renewal Movement] Main Committee session, in which Draskovic told his only remaining vice chairman, Mr. Dragoslav Milacic, that he [Milacic] would become federal minister. The SPO chairman is allegedly interested in becoming ambassador to the United States, which is the position also desired by Dragoljub Micunovic, the most famous Democratic Party "dissident." According to reliable sources, Vuk Draskovic was also very keen on entering the government of national unity, so the present events can be considered a continuation of the things that had already been begun. The SPS has the newly established party of Slobodan Rakitic in reserve, since the questionable DEPOS seats in the Chamber of Citizens depend on the ruling coalition. Apart from the use of force according to the principle "if you do not want, Rakitic will take it," the SPS is also applying other tried-and-tested measures, such as the activation of SPS extended arms in the SPO.

If the SPO agrees with this proposal, the regime will finally isolate the Serbian Radical Party. The second candidate that would remain outside the "national front" would be Kostunica's Democratic Party of Serbia, and Djindjic could choose between watching how his party opponents are favored and trying to reach power himself.

The general pressure on the complete opposition, "which should make the opposite become normal again," comes from clear statements issued by the SPS that it will not organize early elections, which would push the opposition "to the margin," as Mirko Marjanovic would say. Four leading opposition leaders claim that the opposition now only agrees about the name of Radoman

Bozovic, the radio-television, and the election system. This is too little to be able to speak about an efficient resistance to the intentions of the leading parties.

It is clear that the results of the latest differentiation on the Serbian political scene will depend primarily on the course of the peace negotiations in Bosnia.

Marjanovic 'Convinced' Program Will Succeed

AU1606202194 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 16 Jun 94

[Interview with Serbian Prime Minister Mirko Marjanovic "exclusively for Dnevnik 2" by Dusko Petrovic on 16 June; place not given—recorded]

[Text] [Petrovic] Today the new government is exactly 90 days old. How would you briefly assess its work?

[Marjanovic] After 90 days, there is a stable dinar, stable prices, a consolidated balance without a deficit on 24 July [date as heard], increased wages, and an increase in real consumption, as well as a standard of living that has more or less risen. That is everything that was included in the program.

It has to be said here that I expect this to continue. I also expect systemic laws to be implemented in the spirit of the further realization of the program.

[Petrovic] The Serbian Government endorsed the proposed package of taxation laws yesterday. In the speech you made today [at the Economists' Conference in Budva], you assessed that package as a system that is close to the taxation systems in most developed market economies in Europe. Do you expect the Assembly to adopt the package and to completely agree to it?

[Marjanovic] I do. These are expert issues, so I do not believe there will be any differences if the decision is made on the basis of expertise and of what has been presented in the program.

There could only be some bickering among the parties. Otherwise, I think that the draft laws in this sphere have been drawn up well and to a professional level. After all, I saw this confirmed by economists, our scientists today. Therefore, I expect any debate (?in the assembly) to be like this, at expert level, and this should be the case, so I do not think there will be any particular resistance to it.

[Petrovic] Mr. Prime Minister, you are absolutely convinced that the program will be fully successful. Six months have passed and its results have contradicted the doubting Thomases.

[Marjanovic] Yes, I am convinced and I see that many of our scientists today are optimists. I am more of an optimist, as they have nevertheless expressed some skepticism about the future, pointing in particular to the problem of property transformation. However, in my opinion, many things were omitted in the debate and we nevertheless have many chances of succeeding, regardless of whether sanctions will be lifted or not.

[Petrovic] Thank you very much.

[Marjanovic] Not at all.

Minister: $60 Billion in Sanctions Losses

LD1706055594 Belgrade TANJUG in English 2355 GMT 16 Jun 94

[Text] Krusevac, Yugoslavia, June 16 (TANJUG)—Yugoslavia (Serbia/Montenegro) has lost 60 billion dollars as a direct or indirect result of sanctions in the past two years, Serbian Vice-Premier Slobodan Unkovic said on Thursday.

In order fully to grasp the enormity of the losses, it should be said that Yugoslavia's projected national product for 1994 stands at 13 billion dollars, Unkovic, who is also Serbia's minister of science and technology, told reporters of influential Bulgarian newspapers who arrived on a three-day visit to Krusevac, central Serbia, on Thursday.

The United Nations voted the sanctions in place in May 1992 because of Yugoslavia's alleged involvement in civil war in neighbouring Bosnia-Herzegovina.

Serbian Information Minister Ratomir Vico, who also attended the talk, said that the only thing Serbian authorities insisted on in their contacts with foreign media reporters was truthful reporting.

Vico said that this kind of reporting would give a much more objective picture of Serbia and Yugoslavia and the situation in the lands of former Yugoslavia.

ΩBelgrade Weekly Views New Wealth of Serbs

94P20892A

[Editorial Report] An article by Vesna Kostic and Aleksandra Bilanovic in the 13 May edition of the Belgrade news weekly NIN examined the increase in the number of wealthy people in Serbia and the manner in which they achieved their wealth. Only a few of the newly rich became so through "entrepreneurial ability," according to the authors. The rest acquired their wealth through "connections and acquaintances, institutional concessions, market monopolies, and natural resource concessions." NIN pointed out that some of the new rich, "through lobbying and bribes, ensured privileged positions for themselves in the granting of loans (especially last year from primary issue, or currency issued without backing), the distribution of strategic products, and the issuance of permits to engage in the import-export trade and real estate transactions."

The article cited Dr. Aleksandra Posarac of the Belgrade Institute of Economic Science, who said that "a variety of mechanisms for plundering the people" exist and that they offer "ideal conditions for amassing enormous capital without work." In essence, according to Dr.

Posarac, it is a matter of redistributing existing public resources. She defined these as foreign trade firms and all other public companies; society bears the risk while the profit goes into private pockets. The Dafiment Bank also played a significant role in the enrichment of individuals, in Posarac's opinion. "The lists of Dafiment depositors that have been made public account for the disappearance of only tens of millions of German marks, but the question of what happened to the 200 million that are unaccounted for remains. Where are they?"

In a box titled "Who They Are and How Much They Have," NIN published a list of the Serbian new rich, qualifying it as incomplete and based on unverified assessments by business partners, acquaintances, and "accessible publications." NIN observed that the list shows that the rich are for the most part people who participate or participated in the government, who were or are directors of public enterprises, and who worked or still work in public foreign trade firms. Several of the individuals on the list, the weekly noted, have connections with Genex, a Belgrade firm also known as Generalexport that, according to the 1990 Trade Directory of Yugoslavia, engaged in foreign and domestic trade, representation of foreign firms, tourism, hotel management, and air transport. The list consists of the following names:

—The Karic brothers: Their total assets are assessed at $100-150 million; they own firms (trade offices) in almost all of the states of former Soviet Union, from Moscow and Kiev to Tashkent and Uzbekistan; they have opened firms on the other side of the Atlantic; they have at their disposal huge business offices in Belgrade; they have a house in Pec, Serbia, seven apartments in New Belgrade, and a villa in the Dedinje section of Belgrade. They own a huge piece of property near London with three medieval castles, one of which has as many as 38 rooms, luxurious swimming pools, and a thoroughbred horse farm.

—Zoran Drakulic: His worth is assessed at $100 million; in Cyprus he has a company with the name East Point; in Belgrade his company is called Ju Point and in Budapest Ein Point. This former Genex official "has expanded his business so much that he has even opened an office in China."

—Miroslav Miskovic: There are rumors that he has capital of $35-40 million dollars; former director of Zupa of Krusevac and former member of the Serbian Government, he is the largest shareholder of the Delta company (foreign trade, a bank, and the Deltino restaurant). He has a luxurious villa in "Neimar."

—Zoran Kacar: He is worth $15-20 million; he was the first to start purchasing hard currency for deposits into "giro" accounts through Interplast Trejd; he owns several apartments in Belgrade and a house on the coast; he is owner of a chain of bakeries in the United States and a large number of firms in Austria, Sweden, Germany, and Cyprus. There is a rumor in Belgrade that because of a conflict with the authorities he left the country and now lives in the United States.

—Zoran Markovic: He owns the Bel Pagetta firm, and he claims that the investment in this project amounted to $2 million, but "it is unlikely that he has at his disposal less than $5 million"; he has been expanding his business into Poland and Slovenia and is expected to expand into Romania and The Former Yugoslav Republic of Macedonia; he lives in a Genex company apartment.

—Nikola Kitanovic: The man who invented "Raul Amon" says that the assessment of his worth at over $10 million is very modest; he expects a profit of $130 million from a contract recently signed with a Chinese firm.

—Dr. Nenad Djordjevic: This former State Security Service official and instructor at the Advanced School of the Ministry of Internal Affairs is today owner of the VTS firm; his worth has been assessed at between $50-130 million.

—Mirko Marjanovic (Serbian prime minister): It has been assessed that he has $50 million in cash.

—Dragan Tomic (minister in the Serbian Government, coordinator of the new economic program, and director of the Federal Republic of Yugoslavia's largest furniture company, Simpo): NIN did not succeed in discovering his worth, but it is claimed that his assets are for the most part in London in a firm that belongs to his son, who is in the re-export business.

—Zoran Obradovic: A former Genex employee, he is the owner of the Petromet firm; his worth has been assessed at about $10 million.

—Miki Savicevic: Former director of Genex, he has firms in Switzerland and Russia; it is believed that his worth is about $10 million.

—Milenko Isakov: He is the owner of the MCS firm, which exports copper; his worth has been assessed to tens of million of dollars.

—Sinisa Radosevic: also a former Genex employee, he is in the agricultural business and is worth up to $10 million.

The list does not include Radoman Bozovic, Federal Assembly speaker, and Dusan Matkovic, general director of the ferrous metallurgy firm Sartid-13 and former minister of industry, although their names are "most often publicly mentioned," NIN states, adding that this is because no one is willing to give any information whatsoever on the way the two obtained their wealth and on the amount of their wealth. "Many names are mentioned in a whisper and with fear, which not only reveals that what is at issue may be the wealth obtained through illegal means, but also that these are people who have a tendency to resort to violence and malevolent displays of their power." Very often what is at issue are

personalities from the "demimonde" and even the "real underworld." Thus, for example, a certain Manda is mentioned as the owner of a rather large number of gambling houses and boutiques, but merely mentioning his first name is considered to place the safety of one's family at risk, NIN says, adding that the same is true of attempts to decipher the origin of the wealth of Zeljko Raznjatovic Arkan and his close associates.

In its 27 May issue, NIN reports that Serbian Prime Minister Mirko Marjanovic, whose name appears on the list above, has filed a complaint at the First Municipal Court in Belgrade against the NIN journalists who wrote the article for "damage to his reputation and honor."

Montenegro

Foreign Minister Views Federal Relations

AU1606165194 Zagreb VECERNJI LIST in Serbo-Croatian 11 Jun 94 pp 12,13

[Interview with Montenegrin Foreign Minister Miodrag Lekic by Milovan Nedeljkov; place and date not given: "We Are Not a Part of Small or Greater Serbia"]

[Text] One of the "most difficult" politicians for extreme Serb nationalists in Belgrade, and very often also for the Serb authorities, is the "naughty boy" of Montenegrin politics, Miodrag Lekic, foreign minister of Montenegro. Although official Belgrade has never publicly complained about the work of the Montenegrin foreign minister, they have long been trying to force Podgorica to relinquish that ministry and Lekic's ministerial function. Most serious accusations come from Seselj's radical, who say the young minister (born in 1947) intends to separate Montenegro from Serbia and lead it into the protection of Italy and the Vatican. He is being reproached for having indirectly caused the flogging of Serb tourists in Montenegro with his statement that "Montenegro is not a Serb state."

[Nedeljkov] Belgrade announces the "revitalization" of Yugo- diplomacy. Has that anything to do with the abolition of your ministry, i.e. your appointment as Belgrade's ambassador to Rome?

[Lekic] The revitalization, as you called it, of Yugo-diplomacy is not connected to the abolition of the Montenegrin Ministry of Foreign Affairs. Things are quite clear—that ministry is based in history and in the Constitution, which is more important than occasional attempts to abolish it. This important element of Montenegrin sovereignty, realized in history in 1878, cannot depend on one man alone. I am going nowhere, but even if I were, it could only happen after my successor is chosen at the Ministry of Foreign Affairs. If I were to go to Rome, I would not be the ambassador of Belgrade, but of both Podgorica and Belgrade.

[Nedeljkov] As the foreign minister of Montenegro, during diplomatic missions, have you ever met diplomats from former Yugoslav republics? What were those meetings like, if there were any?

[Lekic] Unfortunately, I met none. I am not avoiding such meetings. I believe there will be more such meetings with gradual normalization of relations between the republics of former Yugoslavia.

[Nedeljkov] You once said that Montenegro has "objective needs to communicate with the world," and that that is the reason for not abolishing the Montenegrin Ministry of Foreign Affairs. Does that mean that "your" ministry, contrary to the general belief in the West and other former Yugo-republics, is not just following orders coming from Belgrade?

[Lekic] It is obvious that the Montenegrin Ministry of Foreign Affairs is not obeying orders from Belgrade. As a departmental organ, the ministry is working on the basis of program politics of the Government of Montenegro.

[Nedeljkov] How do you feel about the national problem. Some people from Belgrade accuse you of betraying the Serb national interest.

[Lekic] I am a Montenegrin. I am working to help Montenegro overcome this difficult and tragic crisis of the collapse of former Yugoslavia as painlessly as possible. Since I returned from Mozambique, where I was ambassador of former Yugoslavia, two years ago, I have been working to preserve the interest and reputation of our republic, at the expense of no one.

[Nedeljkov] You have recently stated that "Montenegro is not a Serb state" and that provoked powerful reaction in Belgrade.

[Lekic] Montenegro belongs to its citizens, for its Constitution defines it as a civic state, not as a national state. If we apply national criteria, then it is a Montenegrin state, for the Montenegrins are the most numerous nation in Montenegro. However, it is primarily characterized, politically speaking, as a civic and democratic state community.

[Nedeljkov] Can Montenegro become a member of the union of Serb states, which many political forces in Belgrade have been announcing?

[Lekic] The Montenegrins are a sovereign and politically mature nation, so it will be the only factor deciding about historic road of the oldest Slavic state in the Balkans.

[Nedeljkov] Should Montenegro be a part of a greater Serbia?

[Lekic] Montenegro cannot be a part of small or greater Serbia; it is a state that can join a broader community on an equal level.

[Nedeljkov] Is the FRY [Federal Republic of Yugoslavia] a democratic, peace-loving federation of two equal states?

[Lekic] Being surrounded by war, suffering under economic sanctions, it is difficult to achieve the ideals of democracy, federalism, and other societal values to the full. There are tendencies, certain results, and for true political, economic, and cultural emancipation, we must have more favorable general conditions, primarily lifting the economic sanctions imposed by the international community.

[Nedeljkov] The statement by the advisor to the Office of Croatia in Belgrade, Mr. Bilandzic, that Croatia could open a consulate in Podgorica, was interpreted as a direct attack on the sovereignty of the FRY. What do you say about that?

[Lekic] I do not consider that statement an attack on the sovereignty of the FRY. That is not a new idea and it is worthy of being considered and discussed.

[Nedeljkov] Does Montenegro have a dual foreign politics with regard to the so called "western Serbian countries" and Prevlaka?

[Lekic] I do not see a connection between the problem of Prevlaka and, as you said, western Serbian countries. The uninhabited peninsula of Prevlaka, with several hundreds of meters of rocky ground, makes a logical whole of the Bay of Boka Kotorska. Always in history, ever since the time of the Venetians, these areas were governed by the rule that those who had Boka Kotorska also controlled Prevlaka. In case of the opposite, the narrow bay becomes a joint property, waters in that part of the bay are territorial and international, and that may lead to incidents which, I believe, are neither in the interest of Croatia or our side. I, therefore, expect that a just solution will be found in the final peace agreement.

[Nedeljkov] Prevlaka, Montenegro, the Republic of Croatia. What is the role of Belgrade and Serbia in that?

[Lekic] Our institutional connections with the other federal unit show that the entire federation is interested in solving the problem of Prevlaka. We must point out that Prevlaka is a favorite subject of the extremists, who, though they do not quite know where it is exactly, think it should be turned into casus belli. Potential instrumentalization of Prevlaka for military purposes is another reason to join forces to solve this problem in a rational manner.

[Nedeljkov] Do you believe in future close links between former Yugo-republics?

[Lekic] All republics of former Yugoslavia are logically connected to a point. Montenegro with a strong, sometimes even illusionist Yugoslav feeling, has real and potential connections with former Yugoslav republics. No republic of former Yugoslavia has gone to the moon; rather, we are still neighbors. We all have two choices: to take the road of constant conflict or that of cooperation. There is no third way. We think that, in spite of great differences that were created, we must try to establish, first bearable relations and then, as much as possible, restore road, economic, and other connections which were decades in the making, while we were living together. Of course, the beginning of the process requires respect for new state entities created on the territory of former Yugoslavia.

Industrial Output Drops by 21 Percent in May

LD1606130594 Belgrade TANJUG Domestic Service in Serbo-Croatian 0904 GMT 16 Jun 94

[Excerpts] Podgorica, 16 Jun (TANJUG)—Industrial output in Montenegro dropped by almost 21 percent in May compared with April, the republic's statistics institute has disclosed. [passage omitted]

According to the figures released, prices in Montenegro were lower in May than in April, although prices for agricultural products have gone up by 34 percent, while the prices for fresh fruit have even registered an 83-percent increase. Coffee prices have gone up by 100 percent.

The average Montenegrin salary was 98 dinars in May; 90 dinars in the public sector, and 120 dinars in the private sector, the republic's statistics institute has announced.

Kosovo

EU Does Not Support Albanian Separatists

LD1706054894 Belgrade TANJUG in English 0003 GMT 17 Jun 94

[Text] Pristina, Yugoslavia, June 16 (TANJUG)—The European Union maintains that Kosovo-Metohija should remain within Serbia and does not support ethnic Albanian separatist aspirations, a delegation of the Conference on Security and Cooperation in Europe (C.S.C.E.) parliamentary assembly said on Thursday.

Delegation Head Frank Swaelen told Serbian Minister Without Portfolio Vekoslav Sosevic that the E.U. viewed as unacceptable the province's secession from Serbia and Yugoslavia, says a statement released by the province's information secretariat in Pristina.

Sosevic and representatives of the Kosovo district informed the C.S.C.E. delegation that all political disputes in the province stemmed from years of separatist activity of Albanian extremists and their aspirations for the creation of an Albanian state in Serbian territory.

They explained that this was why ethnic Albanian parties in Kosovo-Metohija were refusing dialogue with Serbian authorities, although one had been offered many times.

These political groupings will persevere in their separatist aspirations and will continue to avoid a dialogue with the Serbian authorities as long as there is the least sign of support from individual international factors, said Sosevic.

Swaelen told reporters after the meeting that the C.S.C.E. wanted to examine the possibility of reincorporating Yugoslavia in the C.S.C.E., (its membership was suspended in the summer of 1992) and to this end was collecting information about the situation in Serbia's provinces of Kosovo-Metohija and Vojvodina and the region of Raska (Sandzak) which is shared by the Yugoslav Republics of Serbia and Montenegro.

He said he was optimistic about the chances of a dialogue between Serbian authorities and ethnic Albanians in Kosovo-Metohija.

After the delegation's meeting with ethnic Albanian representatives on Thursday, the vice-president of the most influential ethnic Albanian party—the Democratic Alliance of Kosovo—Fehmi Agani said that the talk was informative rather than anything else and the representatives had informed the C.S.C.E. delegation of their well-known stands.

A strong ethnic Albanian separatist movement has been active in Kosovo-Metohija for decades. it is openly advocating the province's secession from Serbia and Yugoslavia and annexation to neighbouring Albania.

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